FINANCIAL TIMES

No. 27,645 Thursday August 24 1978 **15p

CONTINENTAL SELLING PRICES: AUSTRIA Sch 15; BELGIUM Fr 25; DENMARK Kr 3.5; FRANCE Fr 3.0; GERMANY DM 2.0; ITALY L 500; NETHERLANDS Fl 2.0; NORWAY Kr 3.5; PORTUGAL Esc 20; SPAIN Pts 40; SWEDEN Kr 3.25; SWITZERLAND Fr 2.0; EIRE 15p

NEWS SUMMARY

GENERAL

Liberals demand donation changes

Mr. David Steel, Liberal leader, last night called for a ban on corporate donations to political parties, both from companies and trade unions.

Mr. Steel's proposal, which would be among the reforms demanded by Liberals if they held the balance of power in a future parliament, comes amid a growing pre-election row on the issue between senior Labour and Conservative politicians.

The Liberal leader, speaking in his Roxburgh constituency, said he favoured the American system whereby limited tax relief was given on donations by individuals. Page 6

Second salmon victim dies

A second person has died from botulism poisoning after eating a tin of salmon. Mrs. Betty Farmer, 66, died in the Birmingham hospital where her husband, Jesse, died last week. The other two victims are still "seriously ill."

Guard stabbed

A guard was seriously wounded in a knife attack at the British Embassy in Washington. Mr. Terry Hopkins, 33, from Hackney, London, was stabbed in the back, but he is expected to recover. A man is in custody, but the U.S. secret service says the motive for the attack is unknown.

Murder remand

Fahad Mihyi was remanded in custody for a week at Marlborough Street, London, accused of killing an El Al stewardess outside the Europa Hotel on Sunday. Mihyi told the magistrate: "If you don't release me there will be something that happens against you that will not be good."

Embassy siege

Police stormed the Iranian Embassy at Wassenaar, near The Hague, to end a six-hour occupation by Iranian students protesting at the policies of the Shah.

Flights off

Manchester was the airport worst-hit by the 24 hour strike by British Airways maintenance engineers. No BA flights entered or left the airport but the action was less effective at London Heathrow. Page 6; Gatwick switch, Back Page

Lebanon talks

A Lebanese Moslem leader is reported to have attended a secret meeting at the home of Mr. Menahem Begin, Israeli Prime Minister, to discuss the growing crisis in Southern Lebanon.
Page 2

Election pledge

Pakistan's military ruler, General Mohammed Zia-Ul-Haq has formed a civilian government and says that elections will be held by October of next year.

Briefly . . .

Lt.-Col. Dick Crawshaw, 61, Labour MP for Toxteth, Liverpool, today begins an attack on the world endurance walking record of 314 miles.

Paramount said their film "Grease" grossed $101.15m (£52.41m) in the first 66 days on release.

Lord Somerleyton, 49, has been appointed a Lord-in-waiting to the Queen.

Three Americans who became the first transatlantic balloonists received the Medaille de Vermeil in Paris.

Eight Thailand fishermen have been jailed for five years without trial for using dynamite to catch fish.

UN working group began studying child labour report prepared by the London-based Anti-Slavery Society.

BUSINESS

Dollar stronger; Gold falls $6

● DOLLAR rose sharply in a short-lived rally in response to the U.S. decision to double the amount of gold for auction. It touched DM 2.0250 before closing at DM 2.00875. After reaching SwFr 1.7050, it fell to SwFr 1.6650, slightly above the previous close.

STERLING lost 25 points to $1.9270, after a day's low of $1.9130. Trade-weighted index was unchanged at 62.2. Dollar's depreciation narrowed to 9 (9.1) per cent.

GOLD fell below $200 for the first time in nearly a month, touching $198¼. It rallied to close at $200⅝, a fall of $6¼ on the day and of $16 since its all-time high eight days ago. Comex August settlement price closed 2.30 down at 202.50. Back Page

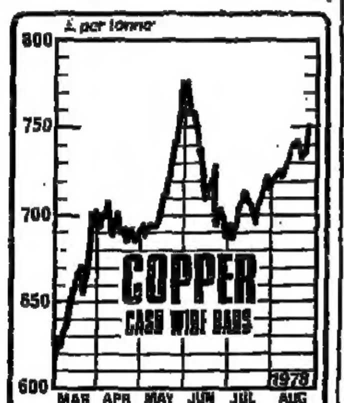
● EQUITIES recent upsurge faltered on further profit-taking. FT 30-share index surrendered Tuesday's gain of 4 points to close at 519.2. Gold Mines index fell 7.2 to 175.2—a loss of 31.4 in the past seven trading sessions.

Commerzbank index rose 5.6 to a new eight-year high of 827.6.

● GILTS traded quietly. Government Securities Index eased 0.02 to 70.66.

● WALL STREET closed up 4.59 at 897.00.

● COPPER prices rose strongly on the London Metal Exchange. Cash wire bars gained £10.5 to £750.5 a tonne on the continuing strike by Peruvian miners and a tightening in available supplies. Page 23



● SHARES in London-quoted stocks with interests in Kenya reacted nervously to uncertainty over the country's future, with prices dropping by up to 16p. Overseas News—Page 3

● WEST GERMAN trade surplus for July fell to DM 2.3bn ($1.145bn) against DM 4bn ($1.99bn) in June and DM 1.7bn ($846.2m) in July last year. Back Page

● BANK OVERDRAFT costs could fall later this year, Mr. Robin Pemberton, National Westminster Bank chairman, said. Back Page

● ICI has offered its manual workers substantial pay rises, only weeks after agreeing a Phase Three settlement, in a move to sort out staffing shortages among one group of highly-skilled employees. Page 6

● TOOLROOM strikers at BL's SU Fuel Systems plant, Birmingham, seem set for an all-out fight with their own union Page 6

● MEXICAN Government is to try to consolidate short-term external borrowings of various public sector agencies by a big loan raised by the United Mexican States, it was confirmed yesterday. Page 19

COMPANIES

● ASSOCIATED DAIRIES pre-tax profits were £26.2m (£23.94m) on turnover of £536m (£429m) for the year to April 29. Page 16 and Lex

Toshiba and Rank in joint venture to make televisions

BY MAX WILKINSON

Toshiba, the Japanese electrical group, has signed a joint venture agreement with Rank Radio International for the production of television sets in Rank's West Country plant.

A new company called Rank Toshiba is to be set up, with Rank owning 70 per cent and Toshiba, 30 per cent.

Rank is contributing its two factories in Plymouth and one in Redruth, Cornwall, together valued at £7m and employing 2,850 people.

Last summer Hitachi failed in an attempt to establish a plant in County Durham, because of strong opposition from other manufacturers and trade unions.

The other two Japanese television companies with factories in the UK are Sony and Matsushita, both in Wales.

Toshiba is putting £3m cash into the new venture and will supply technical expertise.

The company is at first expected to continue to produce sets designed by Rank alongside Toshiba-designed monochrome sets and audio products.

By the early 1980s, the internal design of colour sets will be largely supplied by Toshiba. The plant will, however, continue to make sets to be marketed separately by Rank and Toshiba.

Rank has appointed Mr. Angus Crichton-Miller as managing director of the plant. The non-executive chairman will be appointed by Toshiba, which will have control of the Board.

The British Government has welcomed the deal and is contributing £1.95m to the new company in the form of an interest relief grant.

Mr. Alan Williams, Industry Minister, said yesterday: "This is an example of the joint venture approach which I have urged the Japanese to consider, which can bring benefits to the UK industry and the economy."

UK COLOUR TV MARKET % SHARES	
Thorn	26
Phillips and Pye	22
Japan (inc. UK manufacture)	12
ITT	8
GEC	9
Rank	6
Rediffusion	4
Decca	7
Others (mainly imports)	6

Source: Industry estimate

Rank deal establishes Toshiba in Europe Page 5
Editorial Comment Page 14
Lex Back Page

Rank's radio and television manufacturing operation has been losing money for several years. For the last three, the loss is estimated at about £20m. Last year alone, £3.2m was lost on a turnover of £38.6m.

Rank and Toshiba expect to increase colour set production from the present 175,000 a year to 350,000 a year by 1981, of which 40 per cent would carry the Toshiba label.

Exports to European countries, which now account for about 15 per cent of production, should grow to 36 per cent over the next three years.

Although the new company will use predominantly Japanese technology, it will not be committed to using Japanese components. Rank says that it will be free to buy components from the most competitive source.

The planned increase in production will safeguard jobs now threatened because of substantial overcapacity. It is not expected that many new jobs will be created in the next few years.

Most of Toshiba's contribution will pay for re-equipping the factories.

Mr. K. Hiyama, managing director of Toshiba (UK), said yesterday that the new venture would enable the company to reduce direct imports of Toshiba television receivers into the UK and to start exporting.

The Electrical and Plumbing Trades Union, vigorously opposed to Hitachi's plans last year to set up a UK factory, yesterday welcomed the Rank and Toshiba agreement.

Volkswagen first-half profits up by a third

BY GUY HAWTIN FRANKFURT, August 23.

VOLKSWAGEN, West Germany's largest car manufacturer, today announced a large increase in first-half profits. The news could not have come at a better time for the group: tomorrow sees publication of the prospectus for the company's DM 900m (£233m) capital raising.

Professor Friedrich Thomée, the group's finance chief, said here that group net profits had risen by a third on the comparable figures for 1977 to DM 265m (£68.5m). It was impossible to predict with certainty whether or not the group would be able to maintain such a high level of improvement for the year as a whole. However, 1978 earnings would be substantially higher than last year's net.

Professor Thomée gave little away on the group's plans to make a major acquisition in the near future to provide the company with "a second leg" to offset the cyclical fluctuations in the car market. Since the plans were announced a couple of months ago, they have been a constant source of stock exchange rumour which have advanced such concerns as the engineering groups Gutehoffnungshuette and Deutsche Babcock as candidates for takeover.

Gutehoffnungshuette has denied that it has been in talks with Volkswagen and Professor Thomée today contributed a denial from his side. Wolkswagen was still in the study phase with its acquisition plans.

"It is much easier to tell you what we don't want to be — and that is a bank."

The liquidity of the parent group alone is such that it has DM 3.5bn in hand — an increase of DM 500m in the first half-year.

Prof. Thomée said that the group was seeking an acquisition which would have an anti-cyclical stabilising effect. It would be unlikely to be involved in the consumer goods field. Volkswagen wanted something that it could understand and a concern operating in the plant construction and mechanical engineering fields probably would be ideal.

Today's profits news confirms the trend of the first quarter when earnings were up by 24 per cent. In the rights issue shareholders are being offered 6m of the group's DM 50 nominal shares at a ratio of one to three and at a price of DM 150 a share. When the issue was announced in April Volkswagen shares were changing hands at about DM 203. Today they were trading at DM 260.

Prof. Thomee said that group sales during the first six months rose by 9.9 per cent to DM 13.8bn. Domestic turnover was up by 11.9 per cent on that

Continued on Back Page

VOLKSWAGEN is developing a new engine which would be extremely economical in its use of fuel and could give the company an important lead over competitors in Europe and the U.S. It is being developed with an unnamed partner. Industry sources claim that the new engine consumes only about half the fuel used by a conventional engine of a similar capacity and power rating.

Fruit and vegetable prices fall

BY CHRISTOPHER PARKES

A SUMMER glut of UK-grown fruit and vegetables has joined rising imports in swamping wholesale markets. Prices have slumped.

Members of the public have been invited off the streets into Covent Garden Market at Nine Elms, London, to help to clear the surpluses of salads, potatoes and fruit.

Cooking apples are available there at 4½p a pound compared with 10p to 20p in the shops. English plums, retailing at up to 15p a pound, are on sale at 70p for a 14lb tray. Large cauliflowers are 10p each compared with up to 20p in the shops.

The surpluses seem likely to continue to depress the market, although if hot weather continues, increased demand for those seasonal goods might help to raise prices again.

Farmers have produced an estimated surplus of 500,000 tonnes of potatoes this year and are being paid the lowest prices for years: as little as ½p a pound. Retail prices are 4p to 5p. The Government has taken action to increase farmers' returns, but that is not thought likely to affect shop prices.

Although tomato prices have risen marginally in the shops this week, the Fresh Fruit and Vegetable Information Bureau says they will probably slip back again and remain fairly low for another month or so.

Orchard owners expect a good apple crop this year and plentiful supplies of Golden Delicious are likely from France. The bureau estimates that apple prices in shops should settle between 18p and 20p a pound. Last year, when apples cost 40p, cold weather wiped out more than a quarter of the national apple crop.

The bureau's list of best buys this week includes Bramley cooking apples, now 18p to 20p retail but expected to become cheaper; melons from Spain; and UK-grown stick beans, marrows and celery.

Egg prices are at their lowest for two years although the industry had talks yesterday on handling the surpluses, supplies should remain plentiful and prices modest for some weeks.

UK-produced lamb is some 5p a pound cheaper than at its June peaks, although other meat prices are stable at quite high levels.

Potato prices fall Page 23

Move for earlier payment of tax

BY DAVID FREUD

MOST self-employed people will have to pay tax bills earlier if proposed changes to the way in which they are assessed are put into effect.

An Inland Revenue study, near completion, is understood to recommend that the self-employed be assessed on a current-year rather than a previous-year basis.

That would effectively remove the inflation and interest-rate advantages enjoyed by many Schedule D taxpayers. It might also lead to a once-and-for-all increase in tax demanded in the year of the changeover.

The change would require legislation. The Revenue's study will be considered by Ministers in the next couple of months, and implementation would probably take some years.

About a quarter of all income tax, equivalent to nearly £4bn this financial year, is paid under Schedule D. Most of that comes from traders and people in the professions, who will be affected by any change in the basis of assessment.

Sir William Pile, chairman of the Board of Inland Revenue, told the Commons Committee of Public Accounts in March that the most likely way of calculating the current-year assessment would be through a "deeming" method. That would take the profits of the most recent accounting period and assume them to be the profits for the year of assessment, subject to later revision.

Many self-employed individuals pay tax up to 18 months in arrears. Recently rapid inflation has eroded the real tax payable.

The apparent disparity with Schedule E taxpayers, who are taxed immediately, has caused concern. The British way of taxing the self-employed has changed little in the past 50 years and contrasts with practice in countries where the self-employed pay tax on a similar basis to employees.

Difficulties will arise in moving over to current year assessment. Unless one year's tax is never paid, two years of assessment would have to be compressed into a single year. Moreover, some traders are likely to find themselves with cash flow problems in the year their tax base widens, because of the loss of the inflation benefit.

£ in New York

—	Aug. 23	Previous
Spot	$1.9250-9250	$1.9310-9330
1 month	0.49-0.43 dis	0.48-0.40 dis
3 months	1.36-1.30 dis	1.19-1.13 dis
12 months	4.70-4.50 dis	4.50-4.30 dis

UK seat on French board sought

Unions step up demands on Peugeot

BY NICK GARNETT, LABOUR STAFF

NATIONAL union officials will press the Government to take an equity stake in the controlling French company which is to be formed out of the proposed Peugeot-Citroen takeover of Chrysler's European operations.

The first joint union meeting of national officials and shop stewards since the takeover's announcement also decided in London yesterday that the Government should have a representative on the new company's main policymaking board rather than on any subsidiary specifically formed to run Chrysler's UK operations.

This represents a hardening of the position taken by the executive of the Amalgamated Union of Engineering Workers and is likely to be adopted by the TUC Congress early next month.

The unions are hoping to have talks with Peugeot management shortly after the congress.

The Government might make its formal position on the takeover clear before the talks, which the unions are trying to organise through the Department of Industry.

Union officials are trying to keep shop stewards as fully briefed as possible. Mr. Gavin Laird, the engineers' executive member, said yesterday that one convenor would accompany each of the unions' national officers at all of the major talks, including the meeting with Peugeot management.

Shop stewards expressed deep concern that Chrysler's actions had rendered its planning agreement with the Government virtually worthless. Mr. Eric Bone, the Transport and General Workers Union national automotive officer, said the Government would be urged to secure much tougher planning agreements with Peugeot than those negotiated with Chrysler.

Union officials emphasised again that they were determined to protect all jobs at Chrysler and would resist any closures.

They are due to meet representatives of the Motor Agents Association tomorrow to discuss the position. The association has already come out in support of the takeover.

Toolroom strikers face expulsion, Page 6
Citroen Spanish stake Page 19

Allied advertisement defends Lyons bid

BY CHRISTINE MOIR

ALLIED BREWERIES has placed advertisements in several national and provincial newspapers today, defending its planned take-over of J. Lyons.

It made this move as the pension funds special committee approached the 10 per cent. of the votes needed to call an emergency meeting of Allied's shareholders, to consider aspects of the bid.

In only one respect has Allied softened its initial insistence that the bid did not need shareholders' approval.

The company had intended to send a letter to shareholders explaining the industrial logic of the proposed merger at the end of the month, when Lyons' shareholders are to receive the offer document.

Now, it has brought that letter forward. It forms the bulk of the advertisements which appear in today's newspapers.

The remainder of the text concentrates on persuading the pension funds to rethink their positions.

Allied says that it has consulted counsel on whether the bid can go ahead without shareholders' prior approval, and has been advised that such a move would not be contrary to the undertaking it gave last year.

The pension funds had earlier obtained an opposite view from their counsel.

The letter also underlines the fact that the pension funds committee has been shown this contrary legal opinion—a point not mentioned in the committee's circular to members.

Yesterday, Allied's advisers, Samuel Montagu, said that the legal issue, therefore, was only likely to lead to an unfortunate stalemate.

Mr. K. S. Showering, Allied's chairman, says in the advertisement, the resolution recommended by the funds for the emergency meeting is unworkable.

Firstly, it only "requests" the board of Allied to consider seeking shareholders' approval before proceeding with the bid. This could mean that the directors would consider the request and then decide not to act on it.

More importantly, Allied

Continued on Back Page
Announcement Page 18

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES			FALLS		
Brown and Jackson	198	+ 6	AGB Research	136	− 10
Coalite and Chemical	79	+ 4	Assed. Dairies	254	− 11
Johnson Gp. Cleaners	112	+ 6	Brooke Bond	49½	− 3
London Pavilion	£9	+ 1½	Brown (J.)	472	− 6
McKay Securities	265	+ 20	Finlay (J.)	111	− 6
Newmark (L.)	223	+ 13	House of Fraser	168	− 6
Ocean Wilsons	91	+ 6	Lloyds Bank	270	− 8
Perry (H.)	132	+ 5	Lyons (J.)	129	− 4
Philips' Lamps	980	+ 20	Marshall's Universal	162	− 16
Rank Organisation	280	+ 8	Ricardo	290	− 10
Restmor	187	+ 12	Sedgwick Forbes	468	− 7
Rowntree Mackintosh	435	+ 11	Anglo American Crp.	338	− 20
Siebe Gorman	208	+ 10	Buffels	871	− 60
Standard Chartered	452	+ 10	De Beers Dfd.	428	− 25
Travis and Arnold	157	+ 6	Doornfontein	383	− 28
United Scientific	382	+ 18	Randfontein	£36¾	− 2½
Victor Products	233	+ 23	Stilfontein	201	− 16
Vosper	230	+ 10	UC Investments	250	− 14
BP	916	+ 8	West Drie	£23¾	− 1
Guthrie	400	+ 35			
Cons. Gld. Flds. Aust.	320	+ 10			

CONTENTS OF TODAY'S ISSUE

FEATURES

For latest Share Index 'phone 01-246 8026

هكذا من الأصل

EUROPEAN NEWS

Left-wing rift grows in Italy

By Paul Betts

ROME, August 23.

A DIVISION is developing inside Italy's main left-wing forces which could have serious repercussions on the country's fragile political situation.

In a magazine interview today, Sig. Bettino Craxi, the Socialist Party secretary-general who is consolidating his position at the top of his party, critically questioned the political ideology of the Italian Communist Party.

Referring to recent statements by Sig. Enrico Berlinguer, the Communist leader, defending the doctrines of Lenin, Sig. Craxi claimed that Leninism and Socialism were incompatible. There was, he said, a distinct contradiction between pluralism and Leninism, the two concepts upheld by Italian Communists.

While the controversy between Socialists and Communists has so far been conducted mainly on ideological grounds, the Socialist Party, which is Italy's third largest political force, is clearly seeking to take advantage of its renewed popularity reflected in the party's surprising recovery in recent local elections. At the same time, the Socialists are attempting to express their autonomy and independence from the Communists.

For their part, the Communists are increasingly concerned about the split with the Socialists, which, they claim, risks weakening the Left-wing parties as a whole. Already in a number of local administrations, the Socialists have openly split with the Communists.

The disaffection of the Socialists from the Communists has obvious political implications in that it could rekindle the possibility of an alliance between Socialists and Christian Democrats.

At this stage, however, all the main political parties, including the ruling Christian Democrats, the Communists and the Socialists, do not seem to want to rock the boat. They have openly stated, in fact, that there is no viable alternative to the present governing coalition.

France has trade surplus in July

BY DAVID CURRY

PARIS, August 23.

THE STEADY improvement in the French trade position continues to be the most solid achievement in the economic recovery programme—now nearly two years old—of Prime Minister Raymond Barre. Together with the stability of the currency, with which it is linked, it has permitted the Government to bring down rates on the money market to a two-year low of 7 per cent.

The commercial surplus in July means that France has been in the black on her trade for the past six months. The seasonally corrected July surplus of FFr 950m was double June's margin, while exports, at FFr 30.75bn, were almost 18 per cent up over the position for July, 1977.

The overall surplus this year so far is FFr 1.61bn against a FFr 10.37bn deficit at the same time last year. In crude figures the surplus is much greater at FFr 3.55bn.

July's performance was helped by the continuing improvement in the agriculture and food sector, traditionally an area in which France fails to translate her natural resources into added value, and stability in the imports of energy. This, of course, has been helped by the dollar's decline against the franc. Capital goods continued to show a surplus in spite of the relative growth in the economy, while the motor industry, as usual, was healthily in surplus.

At 7 per cent, the overnight rate on the money market is a full point beneath the Eurodollar rate and its decline by ¼ per cent is evidence of the Government's confidence in the franc. In fact, the market is held on a fairly tight rein as the Government is imposing stiff guidelines for bank credit.

The Government's main problem at the moment is doing the arithmetic for the 1979 Budget. Following President Giscard D'Estaing's promise in Bonn to enlarge the deficit, the shortfall is likely to be more than FFrs 20bn.

M. Barre promised during the election campaign that there would be no increase in direct taxes but he may try possibly to boost income to some extent by adjusting tax brackets. Further money-raising on the market is also thought likely.

The generally improved economic conditions (unemployment apart), together with the conservative general election victory have also been good for the stock market. With share values some 40 per cent up since the beginning of the year, a number of companies are examining the prospects for raising new capital. The Compagnie Generale d'Electricite took the plunge before the holidays and the Compagnie Francaise des Petroles has announced that it is following suit with a FFrs 587m (£70m) rights issue.

The restoration to the bourse of its role as a supplier of capital is one of the Government's preoccupations and has given rise to a series of measures to encourage the flow of savings into equities. If more companies join the queue for new capital, M. Barre will no doubt claim that the improved general economic climate and the return to industry of freedom to fix its own prices have much to do with the new confidence.

Dutch land speculation curb urged

By Charles Batchelor

AMSTERDAM, August 23.

HOLLAND'S Christian Democratic Party has called for rapid Cabinet action on plans to curb land speculation—the issue which brought the previous government down last year.

The party's parliamentary committee said in a statement that enough preparatory work has been done for a Bill to be submitted without delay.

The parliamentary party was meeting ahead of the reopening of parliament next week to discuss tactics. This action by the Christian Democrats, the senior partner in the two-party Centre-Right coalition, indicates the party rank and file aim to keep up pressure on the Cabinet.

The previous parliamentary session ended with a three-day debate as the party pressed for stronger safeguards from Brazil before Holland permits exports of enriched uranium.

The coalition government is in favour of taking market value as the basis for compensation for land compulsorily purchased by local authorities, but the Left wing of the Christian Democratic Party is opposed to this.

Orders for West German rolled steel fall again

BY GUY HAWTIN

FRANKFURT, August 23.

WEST GERMANY'S recession-hit steel industry has reported yet another month of declining orders for its rolled steel finished products. Today's news is particularly disappointing for the industry, as June's bookings showed a considerable increase.

However, fluctuating demand has plagued the industry throughout the year and steel men warned that the June performance would not necessarily be maintained. July's figures confirmed their pessimism—total orders fell by just over 20 per cent from June's 2.03m tonnes to 1.62m tonnes.

This means that July's bookings are slightly under the figure for the comparable month last year, when the industry was heading for the depths of its most serious post-war depression. While July is normally a quiet month for the industry, last month's bookings were poor by any standards.

The main reason for the heavy fall in bookings was a 42.4 per cent decline in orders from third countries outside the European Economic Community. This tends to reflect the dominant U.S. market.

Domestic orders, although 10 per cent up on the 1977 level, fell back by 5 per cent from June's 1.046m tonnes to 991,000 tonnes in July. Orders from customers in the EEC dropped by 16 per cent in comparison with July 1977, but were only 6 per cent down on June's performance at 174,000 tonnes.

To-day's statistics, which do not include figures for semi-finished products, hot rolled broad strip and special steels, show that deliveries also declined heavily in July. They went down by an overall 35 per cent to 1.435m tonnes. This was naturally reflected in the order book which rose by 5.3 per cent.

Swiss VAT proposal

The introduction of value added tax at a rate of 7 per cent has been recommended by a commission of the Swiss National Council. The Government would also have the right to increase this to 8 per cent if called for by the state of the federal finances or the economy at large, writes John Wicks in Zurich. This proposal would replace a former government recommendation for an 8 per cent VAT rate.

Opposition to Marxist in Iceland

REYKJAVIK, August 23.

ICELAND'S Social Democrats today came out against the appointment of Marxist party leader Ludvik Josefsson as Prime Minister.

Mr. Josefsson (64) has been seen as the favourite to head a coalition and end an eight-week government crisis. He would be Iceland's first Communist Prime Minister.

But Mr. Benedikt Grondal, leader of the Social Democratic Party which favours strong ties with the North Atlantic Treaty Organisation, said the party opposed the idea of Mr. Josefsson taking over since he could influence foreign policy.

Earlier, in talks to form a coalition with Mr. Josefsson's People's Alliance and the Centre Progressive Party, the Social Democrats insisted that Mr. Grondal be Foreign Minister to safeguard Iceland's NATO links. Reuter

Jon Magnusson adds: Attempts by Mr. Josefsson to form a three-party Left-wing government in Iceland are at a crucial stage.

Mr. Josefsson is very much against Iceland's membership of NATO and he has demanded for years that the U.S. defence force at the important NATO base at Keflavik leaves the country.

He and his Communist-dominated People's Alliance have stated that they are willing to forget the NATO issue for the time being, if that would make it easier to form a Left-wing coalition government.

Turkish lira to drop link with dollar

ANKARA, August 23.

MR. BULENT ECEVIT, the Turkish Prime Minister, said today his Government was preparing to abandon the Turkish lira's 34-year-old link with the U.S. dollar.

He told reporters after a Cabinet meeting that preparations were being made to link the lira to "another monetary unit."

Although he did not elaborate, Mr. Ziya Muezzinoglu, the Finance Minister, said on Monday that Turkey should switch from the dollar to the International Monetary Fund's special drawing rights (SDRs) to fix exchange rates for the lira.

Mr. Muezzinoglu said the attachment to the dollar "has brought about certain drawbacks, especially with the dollar' sloss of value in the past few weeks.

"Considering Turkey's relations in the economic field, it would be correct to switch to SDRs," he said.
Reuter

Inflation target a problem for Portugal

By Jimmy Burns

LISBON, August 23.

THE PORTUGUESE consumer price index rose by 1.6 per cent in July, according to figures just released by the National Institute of Statistics.

The figure represents the third significant monthly increase since the beginning of this year, and indicates that Portugal's future Government may find it difficult to hold inflation down to 20 per cent by the end of the year. This was the target set by the Socialist-conservative alliance in its economic programme presented earlier this year.

In the first six months of this year, consumer prices fluctuated considerably; inflation during the half-year ran at an annual rate of 22.4 per cent.

Nevertheless, price trends this year show a marked improvement on last year when the inflation rate was 27 per cent on an annual basis. Further optimism has been generated by the fact that the price of most key items, such as gas, electricity and public transport have already been significantly increased this year, and are expected to remain fixed until the end of the year.

Most observers agree that unless inflation is kept down during the second half of this year, Portugal's future government will find it extremely hard to pacify the Communist-dominated trade unions without revising the 20 per cent wage ceiling agreed on last April.

Reuter adds: President Antonio Ramalho Eanes has called a news conference for tomorrow amid speculation that he might formally confirm independent Sr. Alfredo Nobre da Costa as the new Prime Minister.

Red spy in flight, no one's delight

BY PAUL LENDVAI IN BELGRADE

MR. MIHAI ION PACEPA is not exactly a household name even in his native Romania, let alone in the West. Yet his wherabouts, his past and his mysterious activities have been the subject of as many, if not more, confidential diplomatic dispatches from Bucharest than the much-publicised visit of Chairman Hua Kuo-feng.

Mr. Pacepa is probably the highest-ranking secret police officer of a Soviet bloc country ever to have defected to the West. Since he disappeared to a "safe house"—owned by the U.S. Central Intelligence Agency (CIA) in Cologne in West Germany a few weeks ago, the "Pacepa Affair" has become the hottest story on the cocktail circuit and the talk of diplomats and Romanian officials in Bucharest.

On the official list of office-holders in the Romanian Ministry of the Interior, Mr. Pacepa appeared only in 10th place, as one of the under-secretaries. But Lieutenant-General Pacepa was more than that. According to some accounts he was running Romanian intelligence operations abroad and ranked as one of the most trusted advisers to President Nicolae Ceausescu.

He disappeared in Cologne to the great embarrassment of the West German authorities who had to face a spate of queries from the alarmed Romanian leadership. However, the General was almost immediately flown in a military aircraft to the U.S. Ever since, the U.S. embassy in Bucharest has imposed a news blackout on the subject.

The General's defection is a major embarrassment for President Ceausescu's independent-minded regime. On the one hand, he is in a position to reveal Romania's most closely-guarded secrets. On the other, he is said to have worked for the CIA at least since 1970.

In any event, General Pacepa's defection has no parallel. He has been called the "Romanian Penkovski," the Soviet superspy working for the Americans in the late 1950s and early 1960s as deputy chairman of the powerful Committee for Scientific and Technological Cooperation. But Penkovski was tried and executed for high treason while Pacepa took off in time to spend the rest of his life with a new identity in the U.S.

The Americans are visibly embarrassed. After all, Romania is the only Warsaw Pact country which time and again defies the Soviet Union and relies on American and Chinese support in its resistance to Soviet pressures. Thus, anything that causes disarray in Romania must be welcome news in Moscow.

There is another general who is in trouble in Romania, albeit for completely different reasons. He is Mr. Jon Dinca who was in the news last week when he welcomed Chairman Hua to Bucharest and handed him the traditional key to the capital as a symbol of friendship. General Dinca has been for the past two years or so First Secretary of the powerful Bucharest party organisation and at the same time mayor of the Romanian capital. A thoroughly loyal officer and functionary.

Why then the rumours about his possible replacement? It all started on July 12 when a gipsy woman was selling flowers without permission in a market in Bucharest, facing a large new store and not far from the city centre. Though she was pregnant, a Romanian militiaman treated her roughly. A student nearby watching the scene intefered and wanted to protect the woman. The militiaman became even angrier and asked for the students identification card. When the student refused, the policeman began to hit him with his baton.

A large crowd gathered. The policeman ran to a nearby shop selling flowers. Faced with the angry crowd, he panicked and began to shoot, seriously wounding at least three spectators. The crowd stormed the glass pavilion, dragged out the young militiaman by his hair and beat him up. Accounts vary as to whether he died or survived his serious injuries.

The militiaman did manage to alert other policemen via his radio. By that time the crowd had swollen to an estimated 4-5,000 people. Police appeared in strength cordoning off and surrounding the square. Bucharest was on the verge of an unprecedented riot.

At that moment, Mr. Dinca appeared on the scene. Through loudspeakers he pleaded with the crowd which finally dispersed. It is not known how many people were injured or died, but the worst was averted.

When President Ceausescu was informed of the events, he is said to have been enraged and to have exclaimed: "How could such a thing happen? Who is responsible?" This in turn raised speculations about the political future of the General, the third party chief in the capital within a few years.

THE MIDDLE EAST

Saudis 'reject oil price rise this year'

BAHRAIN, August 23.

SAUDI ARABIA has rejected all efforts to increase oil prices this year or to replace the dollar as the oil pricing unit but might accept a small price increase for 1979 when OPEC oil Ministers meet next in Abu Dhabi in December, authoritative Arab oil sources said.

The sources, from Arab countries outside Saudi Arabia, were speaking as a Kuwait newspaper published an interview with Saudi Arabia's Crown Prince Fahd in which he rejected a possible switch away from the dollar and said that an oil price rise now was not justified.

Kuwait Oil Minister Ali Khalifa al-Sabah, the current OPEC President, is believed to have failed to convince the Saudi leaders of the need to hold an extraordinary OPEC conference next month to discuss the effect on oil revenue of the slump in the value of the U.S. dollar.

Ali met Prince Fahd and Saudi Oil Minister Ahmed Zaki Yamani in Taif last week to press the Saudi leaders to accept the finding of a committee of OPEC-appointed experts which met in London last month and suggested that oil prices should be adjusted in the fourth quarter of this year to compensate for part of the dollar decline.

Saudi leaders are believed to have told Ali that the continued glut in the world oil market which cost Saudi Arabia a further 3 per cent loss in oil exports last month, made all thought of a price increase irrelevant.

Ali was hoping to call an extraordinary OPEC Ministerial conference next month to discuss the experts' recommendations in the hope that a formula would be approved which would enable OPEC states to raise the dollar price from October 1.
Reuter

Israeli party splits over Begin policies

BY OUR OWN CORRESPONDENT JERUSALEM, August 23.

ISRAEL'S Democratic Movement for Change, second largest party in the ruling coalition, split into three factions tonight but left Mr. Menahem Begin, the Prime Minister, still comfortably in power.

Five of the DMC's 15 members in the Knesset (Parliament) walked out of the coalition in protest at what they regarded as the hawkish policies of the Begin Government.

This faction, led by Professor Amnon Rubinstein, objected to Mr. Begin's refusal to consider withdrawal from Arab land on the Jordan West Bank an dto the lack of satisfaction accorded to the social policies which the DMC championed.

The party leader, Deputy Premier Yigael Yadin, remained in the coalition at the head of six DMC members still loyal to him. The three other DMC members still loyed to him. The three other DMC Members of Parliament, headed by Transport Minister Meir Amit, stayed apart from the other two groups and said they would decide later which side to support.

Mr. Yadin's adherence left the Begin coalition with a secure 69 seats in the 120-member knesset. Even without Mr. Yadin, the Government could still survive.

With his power base reduced, Mr. Yadin may come under pressure to give up the Deputy Premier's post.

The DMC was born on the eve of last year's general elections as the bright hope of the liberal middle classes seeking internal reform. But the assortment of politicians, more drawn together by what they opposed than by any coherent political platform, were first stunned by their role in ousting the Labour Party and then outmanoeuvred by the politically wily Mr. Begin.

Disturbed by the Government's settlement policy and then disappointed by its response to President Sadat's peace initiative last November, the party has been suffering increasing internal strain.

Professor Yadin has argued that the DMC is a restraining force within the primarily Right-wing coalition. But a sizeable minority complains that the party has no influence on crucial decisions, and only gives a veneer of moderation to a basically hard-line Government.

Internal party elections were held in June, and after recounts because of rigged ballots the opponents of Professor Yadin emerged slightly stronger. But they had advocated waiting until after the Middle East summit at

Professor Yadin

Camp David before staging a showdown within the party's ruling council.

Stung by internal criticisms, especially over his role in the recent controversy about five new settlements planned for the West Bank, Professor Yadin has insisted that the air be cleared.

The break-up of the DMC may damage Mr. Begin's image as the voice of all Israel, but at the same time would reduce opposition within the cabinet to his policies.

L. Daniel adds from Tel Aviv: The establishment of a joint council to govern the West Bank, composed of representatives of Israel, Jordan and the residents of the area, has been urged by Mr. Shimon Peres, leader of the opposition Labour Party.

Only external security would remain in the hands of the Israeli force stationed mainly along the Jordan river.

Labour's proposal for West Bank autonomy differs from the Government's on two important points: participation by Jordan in the day-to-day administration, which in Mr. Peres's view could pave the way for negotiations with Jordan and the local citizens on territorial compromise in the west bank, and secondly the transfer of responsibility for public order and the prevention of terrorism to a joint police force.

Commenting on Sinai, Mr. Peres stressed the importance to Israel's security of settlements in Northern Sinai, but suggested that various forms of compromise were possible, including an exchange of territory.

'Lebanese leader' in secret Tel Aviv talks

BY OUR OWN CORRESPONDENT TEL AVIV, August 23.

A SECRET late night meeting at the residence of Mr. Menahem Begin, the Prime Minister, set Israel abuzz today with rumours that an Arab leader might have come to talk about the problems of southern Lebanon.

When the meeting ended just after midnight Mr. Moshe Dayan, the Foreign Minister, and Mr. Ezer Weizman, the Defence Minister, emerged in full view of bystanders. So did the Chief-of-Staff, Major-General Rafael Eitan.

But the figure nobody saw was the one in a car which drove off at high speed from a side street with curtains tightly drawn across its rear windows. One press report identified the figure as "a high-ranking Lebanese Moslem leader." This was derided by a Government spokesman who insisted the meeting was much less dramatic.

Nevertheless informed sources said some Arab figure seemed to be involved. One report even mentioned former Lebanese President Camille Chamoun.

Some sort of Lebanese-Israel contacts had been expected following the visit to the Middle East this week by UN Under Secretary-General Brian Urquhart.

Mr. Urquhart has been trying to smooth the way for Lebanese regular forces to take up positions in south Lebanon. For three weeks these Lebanese troops have been blocked by Christian militiamen and last night Mr. Urquhart said the possibility of flying them to their objective might be considered. He said there had been agreement in principle for discussions on the subject.

Ihsan Hijazi adds from Beirut: Sources in east Beirut said both Bachir Gemayel and Camille Chamoun were at their residences here last night. These sources believe if such a meeting has taken place, the Lebanese side may have been represented by militia commanders in southern Lebanon.

The sources believe the story may have been started after a statement yesterday by Mr. Chamoun in which he spoke about alleged Syrian military preparations in east Beirut.

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription $300.00 (air freight) $360.00 (air mail) per annum. Second class postage paid at New York, N.Y.

هكذا من الأصل

Mourners weep as body of Kenyatta lies in state

BY JOHN WORRALL

NAIROBI, August 23.

THE BODY of the late President of Kenya, Jomo Kenyatta, lay today on a purple cloth spread over a dining table in the banqueting hall of State House, Nairobi.

He wore a dark pin-striped double-breasted lounge suit, Kenya's national tie and a large ceremonial ring on the third finger of his right hand. By him was his familiar fly-whisk and his carved walking stick.

A pink rose from his garden—he was seldom seen without one in his buttonhole—was resting in a vase of water just above his head.

Ministers, MPs, top civil servants and diplomats today paid their last respects to President Kenyatta as he lay in state in the house where he never slept.

Tomorrow, for about a week, the public will be allowed in to see the body of their old leader lying in state.

Lined along the wall of the banqueting hall today watching the body were the Kenyatta family, among them his widow, Mama Ngina Kenyatta, her three children and his daughter Miss Margaret Kenyatta, once Mayor of Nairobi. Some were weeping openly.

The funeral is expected to be next Thursday, the service to be held in Parliament buildings, Nairobi and Kenyatta will probably be buried at his own home at Gatundu, the house where he

Jomo Kenyatta: His nation in mourning

was arrested by the British in October, 1952.

Today, Kenyatta's successor for 90 days, Mr. Daniel Arap Moi—who is, I understand, to be described as the President, not the Acting President—held consultations with senior officers of the armed forces led by the commander-in-chief, Major-General Mulinge.

He also met the commissioner of police, Mr. Bernard Hinga, the director of intelligence, Mr. Kanyottu and Mr. Geoffrey Kariithi, head of the civil service.

Few ministers were prepared today to comment on the future but the Minister of Agriculture, Mr. Jeremiah Nyagah, said: "I think we shall pull through because I think we have a broad enough base."

Kenya was peaceful today with many shops shut throughout the country

I understand the British High Commission has been asked for advice from London on State funeral arrangements. In Kenya they have never had one before.

Among the many messages of condolence which have poured into Nairobi were statements of sympathy from President Idi Amin of Uganda, and President Julius Nyerere of Tanzania, Kenya's two former partners in the ill-fated East African Community.

President Nyerere praised President Kenyatta as "one of the pioneers in the struggle for African freedom" and "an inspiration to millions of African people who never saw him."

President Amin, who described President Kenyatta as a personal and family friend, warned that "enemies of Kenya may take advantage of the sad situation and exploit the tragic loss Kenya is experiencing." He promised "that we stand ready to help our brothers and sisters in Kenya militarily or otherwise to ensure the continuity of peace, stability and national unity."

AFGHANISTAN AFTER THE COUP

Soviet influence grows as the revolution devours its children

BY SIMON HENDERSON, RECENTLY IN KABUL

THE DUSTY streets of Kabul seem peaceful now, compared with how they were during the bloody military coup which overthrew President Mohammed Daoud at the end of April. The tanks are gone and much of the damaged caused by machine gun and shell fire has been repaired.

However, rumours—always difficult to verify—suggest the calm is misleading. As far as can be established a powerful political drama is being acted out both in the President's palace, now occupied by the Prime Minister and President of the Revolutionary Council, Nur Mohammed Tarraki, and in the army camps dotted around the city, which lies in a plain surrounded by hills.

Last week the Minister of Defence, Major General Abdul Kadir; the Chief of Staff, Lieutenant General Shahpoor; and the head of the local hospital, Dr. Mir Ali Akhbar, were denounced as traitors. Two months ago Mr. Tarraki, who leads the Chalq (meaning party in Arabic) successfully sent abroad as ambassadors three members of his Cabinet belonging to the rival Communist faction, Parcham (meaning banner). There are now reports that two other members of the Cabinet, the Minister of the Interior, Aslam Wahanja, and the Minister for Public Works, Mohammed Rafi, have been arrested.

Observers expect the party infighting, transfers, arrests and perhaps killings to go on. In the words of one diplomat, "the revolution is eating its children."

Somewhere in the background of all this lies the role of the Soviet Union, which has been influential in Afghanistan for over 60 years. Since the coup, which many saw as inspired by the USSR, the number of Soviet military advisers in the country has more than doubled, to, it is believed, 3-4000. Besides training the armed forces, these are believed to have extended their role in the Government and in development programmes, both bilateral ones, and ones undertaken in collaboration with UN agencies.

Visitors to ministries seldom see Soviet personnel there, and diplomats certainly do not see Afghanistan as a puppet directly controlled by the Soviet Union. But they are sure that when the dust finally settles, the Soviet Union will be in an even stronger position than it is in now.

The Soviet Union has long been influential in Afghanistan. But since the coup, the number of Soviet military advisers there has more than doubled.

The differences between Mr. Tarraki and some of those in his government are believed to be more personal than ideological. Diplomats do not see obvious signs that the arrested Defence Minister, General Kadir, was involved in a coup plot, but point out that the General was a nationalist and was supposed to have resented the increase of Soviet influence. He was also the person who could have planned another coup. After all, he had been important in Mohammed Daoud's overthrow of King Zahir Shah in 1973.

In Mr. Tarraki's arguments with the Parcham Party, the issues of decision making and the new leader's personality cult were thought crucial. The leading Parchamite, the Deputy Prime Minister, Babrak Karmel, wanted the Central Committee to make collective decisions. Mr. Tarraki insisted on holding the reins. Babrak Karmel, now a reluctant ambassador in Prague, also resented the emphasis on Mr. Tarraki's personality. His portraits are everywhere—there are seven in the lobby of the Intercontinental Hotel alone.

Babrak is supposed to have said before he left for abroad that he would prefer "prison to Prague," but in the event he relented. His close friend, and the only woman in the original Cabinet, Anahita Ratabzad, was also posted to Eastern Europe, as was the only other identifiable Parchamite in the 19-man body. The other members of the Parcham party, a closely knit, Bolshevik-type group, have either changed their allegiance to the Chalq or been arrested.

Mr. Tarraki's actions have met with some resistance. One of his most trusted aides was nearly killed in a grenade attack in Kabul on July 29. The man, Zayid Gulabzoy, Communications Minister in the first Government, had been appointed Mr. Tarraki's aide de camp immediately after the coup and achieved notoriety by standing behind him at the Prime Minister's first Press conference, holding a sub-machine gun.

Beyond the capital too Mr. Tarraki faces opposition. Orthodox Moslem tribesmen in the eastern provinces bordering Pakistan, are resisting the new regime which they look upon as atheist and godless. The extent of their resistance is hard to estimate but observers in Kabul say at best it is being contained rather than crushed, and that air strikes, heavy artillery and Soviet advisers have had to be used in the brutal fighting.

Trouble is also reported in the Nagahar province and Wardaq. But on the road from the Khyber Pass border with Pakistan, the only indication is an occasional item of heavy weaponry: a tank, an armoured troop carrier, or an anti-aircraft gun guarding power stations or important bridges.

The problem of Afghanistan is how to control a country nearly three times the size of Britain but containing only about 15m people. These divide into tribal and racial groups of long-standing independence and competitiveness. 60 per cent of the population being Pathan 30 per cent Tajiks and 5 per cent Uzbeks. The overwhelming preponderance of the people live in the countryside and almost all are illiterate, but in Kabul handsome women wearing the latest chic French styles outnumber those still wearing the veil.

Afghanistan is authoritarian and the new regime is conscious of its lack of legitimacy in historical terms. It refers to the events of April 27 as a revolution, though in fact they constituted no more than a military coup.

Mr. Tarraki, refered to in the Press as "our heroic and revolutionary leader," is trying to achieve national control by a public relations campaign which represents his Chalq party as being the party of "workers, peasants, toilers and intellectuals."

Zambians accused of role in attack on Namibia town

WINDHOEK, August 23.

ZAMBIAN TROOPS and Swapo nationalist guerrillas early today launched a heavy artillery attack on the South African ruled town of Katimo Molilo, a military spokesman said.

Major General Jan Geldenhuys, officer commanding South African troops in South West Africa (Namibia), said the attack lasted for about two hours. He did not say whether there were any casualties.

General Geldenhuys said the attack was launched from known bases of the South West Africa Peoples Organisation (Swapo) in Zambia.

"The Zambian defence force later began to take part in the bombardment," he added.

Gen. Geldenhuys said South African troops had anticipated the attack and made necessary preparations. Heavy artillery fire was returned by the South African security forces.

Gen. Hannes Phillip, military adviser to Mr. Martti Ahtisaari, the United Nations special representative for Namibia, was kept informed of Swapo's plans for attack until he left the territory for New York last night, Gen. Geldenhuys said.

Mr. Ahtisaari flew to the territory on August 6 with a 47-man UN team to draw up a survey on the implementation of UN proposals for Namibia's independence from South Africa.

Defence Minister Mr. Pieter Botha said South Africa viewed the attack as a serious act of aggression and an extreme provocation.

Mr. Botha said in Pretoria that South Africa had repeatedly warned President Kenneth Kaunda of Zambia against providing facilities for guerrillas.

President Kaunda could hardly claim he was not aware of the actions of the guerrillas in view of the extent of the attack, Mr. Botha said.

He said this kind of action called for a suitable reaction from any self-respecting state, but he did not elaborate.

Reuter

Japan defence force 'ambiguity' criticised

BY ROBERT WOOD

TOKYO, August 23.

GEN. HROOMI KURISU, who recently resigned as commanding officer of Japan's "Self-Defence Forces," said today that under current law the forces are "a castle built on sand, or as in the Oriental proverb, a sculptured Buddha lacking in spirit, because the creator has forgotten to put it in."

Gen. Kurisu resigned as chairman of the Self-Defence Forces' joint staff council three weeks ago, following heavy criticism of a statement he made in a magazine interview that the forces might have to take "supra-legal action" in the event of attack.

In a speech to a luncheon at the foreign correspondents' club of Japan, he said today that current law may prohibit the Defence Forces from fighting back without authorisation from the Prime Minister if attacked by an enemy.

Although some "irresponsible critics who live in the safety of Tokyo" have argued that the universally recognised right to self-defence is sufficient warrant for the forces to act should there by a surprise attack, Gen. Kurisu said that local units might fear that any action might later subject them to criminal prosecution. The ambiguity of the forces status hurt morale, he said.

Japan's post-war Constitution renounces the use of force to settle international disputes and the maintenance of "land, sea, and air forces."

The predecessors of the present Self Defence Forces came into being while the Americans still occupied Japan, however, and military forces called by other names have been the subject of continuing legal and political disputes ever since.

Opponents of the clause in the Constitution renouncing force have never achieved the two-thirds majority necessary in the Diet to amend it.

Independent action by military commanders is a particularly sensitive issue in Japan because Japan's war with China in the late 1930s, and thus ultimately Japan's entry into World War was precipitated by independent attacks led by low-ranking Japanese officers at Wanping in 1937.

Gen Kurisa said giving local commanders clear rights and duties in case of surprise attack could not lead to a similar incident today. He said that the decision to expand the 1937 incident after it had occurred was made within Japan's Constitution, which at the time provided for no civilian control over the military.

Gen. Kurisu declined to advocate any specific political decisions to end the ambiguity of the Self-Defence forces' role. However, he said that two possibilities were either to specifically declare the kind of reaction to attack Japanese forces might take during peacetime, or to adopt a law similar to one Sweden adopted in 1974 giving the military the right to "maintain order in accord with international law and practice."

The Japanese Transport Ministry has drafted a five-year plan to sound-proof more than 110,000 homes around 15 airports at a total cost of Y350bn ($1.8bn), according to Ministry officials, Reuter reports.

Gandhi crowd defies ban

NEW DELHI, Aug. 23.

SEVERAL HUNDRED people defied a police ban to demonstrate in support of former Indian Prime Minister Mrs. Indira Gandhi when she made a brief court appearance in New Delhi today.

Her 15-minute hearing brought work at the court complex to a halt, as judges and lawyers packed the tiny court room and scores of police with bamboo canes and riot shields patrolled to control the crowds outside.

Mrs. Gandhi was granted bail and exempted from further personal appearances until the court orders her presence.

She is charged with five other people of conspiracy and criminal misconduct in procuring 139 jeeps without payment for use in her party's general election campaign in March last year.

At one stage Mrs. Gandhi appeared at the barred second floor window of the court complex and waved to her chanting supporters below.

She threw down a garland of flowers which landed among policemen guarding the court entrance.

Mrs. Gandhi is scheduled to appear in court next on September 2 to explain her refusal to take the oath and give evidence before the commission of inquiry which investigated alleged excesses under her 21-month emergency rule.

Meanwhile, India's "elder statesman" Jayaprakash Narayan has strongly criticised Prime Minister Morarji Desai, saying he had been a disappointment.

Mr. Narayan said Mr. Desai was totally wrong in opposing an inquiry into allegations of corruption against his son, Kanti Desai.

Reuter

AMERICAN NEWS

Setback from postal union to Carter inflation hopes

BY JOHN WYLES

NEW YORK, August 23.

THE CARTER Administration's anti-inflation policy *looked set* for a serious setback and its relations with organised labour for a further deterioration today following strong indications that a major postal workers union has voted to reject a new three-year pay settlement.

An unofficial but authoritative tally of the vote by members of *the National Association of* Letter Carriers points to a rejection of a 19.5 per cent pay settlement which had been hailed as a victory of the Administration's aim of slowing down the increase in wages.

But as the 200,000 members of the Letter Carriers and two other postal service unions were voting, Mr. George Meany, president of the American Federation of Labour-Congress of Industrial Organisations, broke with precedent by publicly commenting on August 8 that the postal pay rises were inadequate, and predicting that the settlement would be rejected.

Mr. Meany's remarks may have influenced the Letter Carriers' ballot decision. Observers *predict the 260,000 members of* the American Postal Workers Union, whose ballot result should be released late on Friday, will also reject the pay deal.

The White House was reported deeply upset by Mr. Meany's commenting on a specific settlement and in an interview published in the latest edition of Newsweek President Carter accused the 84-year-old AFL-CIO leader of "a very serious breach of propriety" which was counter to the efforts being made "ostensibly with the aid of president George Meany" to control inflation.

The war of words between the Administration and labour continued this morning in the wake of a speech given yesterday by Mr. Barry Bosworth, director of the Council of Wage and Price Stability.

Mr. Bosworth is extremely unpopular with the AFL-CIO because of his outspoken campaign to talk down the level of wage settlements, and the Administration responded earlier this month by setting up a committee to co-ordinate *Government statements* on the issue which labour interpreted as intended to curb Mr. Bosworth's tongue.

However, Mr. Bosworth yesterday told trucking industry officials that the Administration was very concerned about the outcome of next year's pay negotiation in the industry and warned that *the Government could* not stand aside from negotiations "fundamental to the health of the economy."

Mr. Al Zack, the AFL-CIO's principal spokesman, said today that Mr. Bosworth's implied threat of intervention in collective bargaining was "outrageous." He added: "At no time *did* he discuss trucking rates and at no time did he discuss profits."

In the short term such tensions between the White House and labour may be of some political benefit to Mr. Carter since oaganised labour's popularity in the country is low. However, if the President is to produce a more credible attack on inflation, *the co-operation of labour is* essential.

Air traffic between U.S., UK up sharply

By David Buchan

WASHINGTON, August 23.

AIR TRAFFIC between the U.S. and the UK has increased dramatically since the two countries signed the Bermuda II air services agreement last year, Mr. Alfred Kahn, chairman of the Civil Aeronautics Board, told a Senate committee hearing on airline competition today.

Mr. Kahn said scheduled traffic between New York and London increased by 39 per cent between last October and this March.

This growth has been precipitated by the inauguration of the Laker Skytrain service last September. Predictions *that* Sir Freddie Laker would be virtually bankrupted by his new cut price transatlantic service had been proved "totally wrong," the CAB chairman said.

Earnings for scheduled air carriers were also now much better and the financial outlook for the rest of 1978 was very encouraging, Mr. Kahn said.

Meanwhile, in the most dramatic move so far by the Carter administration to liberalise international air services, officials yesterday told the Senate Committee that the U.S. would propose to West Germany next month that airlines in either country be allowed to fly to any destination in the other.

This so called "open skies" proposal, made in the context of negotiations for a new bilateral air services agreement, would offer major benefits to Lufthansa, which at present can only fly to five U.S. cities.

This compares with the 14 destinations permitted to British airlines under the Bermuda II agreement.

In return, the U.S. will ask for more liberal charter rules between the two countries, and greater flexibility on fares. The U.S. is proposing that any fare proposals by U.S., German or third country airlines on flights between the U.S. and *Germany would automatically* go into effect, unless both governments disagreed.

Move to grant DC full voting rights passed

By Jurek Martin, U.S. Editor

WASHINGTON, August 24.

AFTER NEARLY 180 years of efforts, the residents of the nation's capital, the District of Columbia, secured a big step towards their full enfranchisement in the Senate last night.

The chamber approved, by a bare two-thirds majority of 67 votes for and 32 against, the *submission to the 50 state legislatures* of a constitutional amendment that would allow the District to send both Congressmen and two senators to Capitol Hill.

Three quarters—38—of the legislatures must now ratify the amendment in the course of the next seven years, or it will not take effect. Advocates of full representation for the District acknowledge that it will be no easy task to bring this about.

The nation's capital has in effect been a fiefdom of the Congress since its establishment as the seat of the federal government in 1800. Over the last generation some strides towards enfranchisement have been made.

But the Congress has looked askance at full voting rights for a variety of reasons. Southern congressmen traditionally opposed it largely because of the large black population of the district, while Republicans saw little point in providing the Democratic Party with a safe seat.

But political realities have changed and the need for both southerners and Republicans to court the black vote is now self-evident. In last night's Senate vote, such former died-in-the-wool segregationists as Sen. Strom Thurmond, the Republican from South Carolina, and politically ambitious Republicans like Sen. Howard Baker and Sen. Robert Dole, from Tennessee and Kansas respectively, backed the constitutional amendment.

If the amendment is passed by the state legislatures, the Senate will rise in size to 102 by the addition of two senators, while the House will gain an additional one or two congressmen, depending on the results of the 1980 census.

Spy satellite information 'passed to Soviet Union'

BY OUR OWN CORRESPONDENT WASHINGTON, August 23.

A FORMER employee of the Central Intelligence Agency (CIA), who was arrested last week for selling secrets to the Russians, is reported to have passed on to them a detailed technical manual on the U.S. "Big Bird" spy satellites used to track Soviet nuclear and conventional forces.

The CIA would not comment today on the allegation, except to confirm that the man, Mr. William Kampiles, had worked briefly for the agency in a relatively lowly capacity before leaving in 1977.

Press reports today quoted intelligence sources to the effect that, while the manual would not *enable the Russians* to build an identical satellite of their own, or to stop the orbiting 12-ton satellites from continuing to take their high resolution photographs, it might help them identify weaknesses in the satellites and to protect their installations better.

The ability of both the U.S. and the Soviet Union to monitor by satellite nuclear weapons development and deployment in each other's *territory is a vital* element in previous strategic arms limitation (SALT) agreements and the proposed new SALT II treaty.

Meanwhile, members of the Senate Intelligence Committee, sometimes criticised for their sloppy handling of classified material, have complained about the CIA's own procedures which allegedly allowed Mr. Kampiles as a "watch officer" on the satellite programme, to pocket the manual and take it home.

Nicaragua hostages freed

MANAGUA, August 23.

Left-wing guerrillas belonging to the Sandinist Front for National Liberation last night released hundreds of hostages seized when they invaded Nicaragua's national palace, but held on to 40 parliamentarians and a Government minister.

They were holding the officials in support of demands for a $10m ransom, the release of over 100 political prisoners, and a plane to fly them out of the country.

Reuter

Joseph Mann writes from Caracas: Yesterday's lightning guerrilla attack on the national palace in Managua—the seat of Nicaragua's legislature—constitutes the most daring effort to date by the Sandinist Front for National Liberation.

The "Sandinistas" have been active since 1962 in violently opposing two military-backed regimes headed by members of the Somoza family.

The current President of Nicaragua, General Anastasio *Somoza, took power in 1967 and* over the past year has faced sharply increased opposition from the Sandinist guerrillas and other groups (including businessmen) who want him to resign.

Until last year, the Sandinistas advocated a Marxist victory through "prolonged popular war." Now, however, their main force professes to be more *interested in an immediate* popular insurrection supported by a wide range of groups in Nicaraguan society.

In an interview published last year, one Sandinista leader said that the group would continue pushing for socialist goals, but would hold free elections after Somoza was deposed.

Over the past year the Sandinistas have launched a number of attacks against national guard barracks and other Government targets. They have posed a constant problem for the Somoza regime but by themselves are not likely to be able to overthrow the General or defeat the 7,500-man national guard.

Missile project may go ahead

WASHINGTON, August 23.

THE UNITED STATES is leaning towards development of a new, mobile Intercontinental Ballistic Missile (ICBM) less vulnerable to Soviet weapons, Mr. Harold Brown, the Defence Secretary, said today.

The new ICBM is needed to counter Soviet missiles which are expected to become much more accurate in the early 1980s.

Mr. Brown said the method of moving the missiles about had not yet been selected, and no decision had been made on whether to build and deploy the new ICBM.

But, he said: "We are moving toward development of a new and more sophisticated ICBM."

Mr. Brown said that 200 to 300 of the new missiles would be moved about among 5,000 to 10,000 silos, hopefully confusing the enemy and making the missiles less vulnerable.

Reuter

U.S. BANKING REFORM

Bid for fairness wins few friends

BY DAVID LASCELLES IN NEW YORK

A SIMPLE—and to European eyes harmless-looking—proposal by the Federal Reserve Board to allow banks to transfer money automatically from a customer's savings to his current account to meet an incoming cheque has raised something of a storm in the U.S. banking community and left it deeply divided. Petitions and even a lawsuit have been got together to try to delay or even scupper the proposal, which is due to take effect on November 1.

The reason for the fuss is that the Fed's proposal strikes at the very heart of regulations designed to separate the functions of savings and commercial banks. In so doing it has stirred up the debate about retail banking which, by general consensus, faces testing times. It should also be seen in the context of the tight U.S. banking laws that regulate everything from interest rates to where and how a bank can open its doors.

Because savings banks are seen as a major source of funds for housing, they have historically been permitted to pay out one quarter of a per cent more in interest to depositors than commercial banks. For many years, the commercial banks tolerated this since savings banks could never replace them as purveyors of basic banking services.

But times have changed. Fourteen states, mainly in the north east, have gone to allow savings banks to hold current accounts and issue cheque books. Some savings banks in New England have even devised so-called negotiable orders of withdrawal (NOW) which enable customers to write the equivalent of cheques drawn on savings accounts.

Taken together with the interest rate differential, these changes have greatly strengthened the savings banks' competitive position, and have produced an outcry from the commercial banks who have great trouble making a profit out of their retail operations.

The Fed's proposal aims to redress the balance by giving something to the commercial banks. The idea is to increase their attraction to depositors by making it possible for customers to leave all their money in interest-bearing accounts, and not have to worry about transferring funds to meet a cheque. The reason why the Fed did not go the whole way and abolish current accounts altogether is that U.S. banking law forbids the paying of interest on demand deposits. The automatic transfer of money from savings to current accounts to pay a cheque is therefore basically a fiction to get *round* this obstacle.

Predictably, the savings banks were quick to oppose the Fed's idea which is bound to reduce their competitive advantage. The U.S. League of Savings Banks Associations sued to block it on the grounds that it amounted to allowing payment of interest on demand deposits, which is illegal. That suit will probably be heard in September.

Far from welcoming a reform which would make them more attractive to depositors, the majority of commercial banks—particularly the smaller rural and suburban ones—have objected.

Less predictable, though, was the reaction of the commercial banks themselves. Far from welcoming a reform which would make them more attractive to depositors, the majority have objected on a variety of grounds.

Broadest opposition comes from the smaller rural and suburban banks who say they are not equipped to take advantage of this change in the rules. To perform automatic operations effectively, they need sophisticated and expensive electronic equipment which few of them are in a position to buy. The Independent Bankers' Association, which represents half of U.S. banks, though only 20 per cent of banking assets, is giving what it calls "moral support" to the savings banks in their law suit, and it has asked its members to lobby the authorities and Congress.

A much sharper attack has come from the New Yrok Independent Bankers Association which has circulated a petition to banks in New York State and the other states where commercial and savings banks are in direct competition. (In the remaining states, savings banks are not allowed to hold current accounts, so the issue does not arise.)

New York's main grievance is that even if commercial banks are allowed to start automatic fund transfers, they will still be at a competitive disadvantage vis-a-vis the savings banks because of the quarter of a per cent interest rate differential these enjoy.

The petition, which has so far been signed by 520 banks, demands that the Fed's deadline be extended to next May 1 if necessary, in order to get this differential abolished.

The petition is supported by most of the major New York banks, including the largest, Citibank, who have communicated their views directly to Washington. The inclusion of Citibank is significant since this bank has led the way in automatic and electronic banking and might therefore be said to have the biggest stake of any U.S. bank in getting the Fed's proposal through.

Quite what effect the commercial banks' representations will have is still hard to assess. The Fed has denied reports that it will reconsider its proposal, although it acknowledges that it has received comments from the banking community which will be drawn to the Board's attention.

Its attitude may, however, be swayed by the fact that the Federal Deposit Insurance Corporation, one of the main bank regulatory agencies, has come out in favour of rate parity.

The savings banks' objections will, of course, be decided on in court (interestingly, Congress, which is always quick to spot what it considers to be usurpation of its rights, does not think that the Fed has exceeded its powers).

However, the commercial banks' *demands for interest* rate parity with the savings banks could be examined by Congress during the autumn. The present law enshrining the differential must be reviewed by December 15, and a successor which would create parity has been introduced into a sub-committee of the House Banking Committee.

It is too early to gauge its chances, except to say that although commercial banks claim that the disintermediation of U.S. interest rates has removed the need for the savings banks' special status, the savings banks remain the major source of housing funds.

Broadly, though, the dispute remains an elaborate pirouette round U.S. banking regulations which ignores—and even confuses—the main issue, which is whether banks should be allowed to pay interest on current accounts, an issue which is also exercising minds in Britain.

The large commercial banks want this right, and have been lobbying for it for some time. Although it would unquestionably add to their costs, they believe they could offset this partly by charging higher fees for services, partly by gaining a larger market share. But from whom? The smaller banks, the savings banks? The present dispute may turn out to be no more than a preliminary skirmish in the big battle to come.

WORLD TRADE NEWS

Peking clarifies trade intentions

BY JOHN HOFFMANN

PEKING, August 23.

CHINA has re-affirmed that it is ready to apply internationally-accepted practices in foreign trade.

The Third World giant's drastic turnabout in economic policy was further clarified this week by Mr. Liu Hsi-wen, the chairman of China's delegation to the Ministerial conference on co-operation in trade for Asia and the Pacific region now in session in New Delhi.

The acknowledgement by Peking that modernisation and industrialisation, China's chief preoccupations, would demand a *new approach to foreign trade* has caught the attention of trading countries all over the world, but they have been uncertain about how far China would go in "normalising" its practices.

Already it is manifestly clear that China will depart further from its traditional policies of *isolationism and "self-reliance"* than would have seemed possible a year ago.

Mr. Liu said at the New Delhi conference that China's basic principle of maintaining independence and relying on its own efforts was unchanged. But he added: "Self-reliance in no way means seclusion and refusal of *international co-operation.*

"On the basis of mutual respect for national independence, sovereignty, equality and mutual benefit, we stand ready to apply, in a flexible way, all the internationally-accepted practices in foreign trade and to engage actively in economic activities and exchange of technology with foreign countries."

The "flexibility" to which Mr. Liu referred remains a two-way concession. It is clear that there are *some* "internationally-accepted" practices that China simply will not adopt.

The government has said firmly that it will not finance its development by government-to-government loans or by joint ventures. These reservations are basic and unalterable, even in the context of China's more *liberal economic outlook.*

It is a tenet of Maoist Communism that China will never put itself in debt to another government. And the notion of a foreign government or company owning a piece of China through a joint venture is untenable.

But China's flexibility is especially notable in its interpretation of *economic* terms. While reluctant to engage in direct borrowing, Chinese economic spokesmen have said they would welcome "deposits" from foreign banks to be used for development.

While opposed to joint ventures, they have discussed the prospect of co-operative developments in which the partner would share ownership not of the means of production but of the product itself—in offshore oil development, for example.

This principle of disguised conventionality is illustrated on another scale by China's willingness to explore payment-in-product arrangements for establishing export-orientated consumer-goods factories wholly financed by foreign capital.

China's seriousness about this form of financing cannot be doubted in view of the present drive for quality improvement in factory products.

The emphasis extends to industrial design and packaging and is reflected in an exhibition of Shanghai products now on view in Peking. The products include electrical appliances, glassware, cosmetics and leather goods, many of them suspiciously similar to familiar western products but others showing a new appreciation of the market value of innovative design.

Few of the products have been seen in Chinese retail shops and most are obviously intended for export, with English-language packaging.

● John Wicks writes from Zurich: The Swiss engineering concern Sulzer Brothers, of Winterthur, has granted a production licence to China National Technical Import Corporation of Peking, for the manufacture of its twin-stroke crosshead engine. This slow-running diesel will be used in the equipping of the Chinese merchant fleet.

TOKYO, August 23.

Japan's Association for the Promotion of International *Trade said* it will send a 14-member trade mission to Peking on August 30 to discuss ways of promoting trade with China following the signing of the bilateral Peace and Friendship Treaty.

The treaty, signed in Peking on August 12, will go into force after instruments *of* ratification are exchanged later this year. The mission will be led by the association president and former Foreign Minister, Mr. Aiichiro Fujiyama.

Growing Chinese involvement in Nepalese economy

BY SUE LOCKWOOD

A 10-MAN Chinese team is currently in Nepal putting the finishing touches to a feasibility study for the construction of sugar, ceramics and paper pulp factories. This represents the first concrete step towards the major expansion of trade and economic relations promised in February by Chinese Vice-Premier Teng Hsiao-ping during his visit to Katmandu.

These three new projects join an already substantial aid programme funded from the profits of Chinese consumer goods sold in Nepal.

In the Kathmandu valley, China has built an inter-city trolley bus system, a shoe factory, a brick and tile factory and a ring road around the main city.

South of the capital, China is finishing a $10m cotton textile mill, which may take five to 10 years to become a money-making proposition. The only cotton cultivation project in the country will need at least 10 years to grow enough raw material to supply the mill, and to fill the gap. Nepal has airfreighted the first 200 tons of cotton from Pakistan.

Even utilising the subsidised imported cotton, it is unlikely that the 10m metres of cloth produced annually will be able to compete with the inexpensive Indian textiles that dominate Nepal's market. But some 80 per cent of Nepal's trade is dominated by India: the Government considers that the availability of Nepalese substitutes for Indian imports is more important than the mill's money-making capacity.

Two of Nepal's main highways have been built with Chinese aid, one of which, the Nepal-China Friendship Highway, runs from Katmandu north to the Chinese border. Another two are currently under construction—both with Chinese aid. Ten thousand Nepalese workers are building the 59 km Gorkha-Narayanghat highway while the proposed 406 km Pokhara-Surkhet highway, costing over $90m, will be China's second largest foreign aid project since the railway linking Tanzania and Zambia.

Most of the present trade with China, which has increased from under $5m in 1975-76 to over $8m this year, arrives in Nepal via the port of Calcutta. And with Teng's promise of further trade expansion with Nepal, the bulk of the growing exports and imports will continue to be transported from Canton or Shanghai through Calcutta or vice-versa.

For centuries, trade routes have run north and south from Tibet to India exchanging musk, salt, turquoise, red coral *and* livestock for rice, grains, spices and more recently, Nepal has supplied candles, tea, corrugated aluminium sheeting and shoes from the Chinese-built factory in Katmandu.

Nepal has maintained a consulate-general's office with a five-man staff at Lhasa in Tibet for more than 30 years to handle trade matters. Although business was a bit slow after the Chinese takeover, Nepal's little office at Lhasa undoubtedly is going to see business pick up again.

Track orders for British Steel

By Roy Hodson

ORDERS FOR rail track products worth more than £8m have been won by a British Steel Corporation sales team from Africa, the Middle East, and the Far East.

Rolling of the steel will be done at the corporation's works at Workington, Cumbria, during the next six months.

The biggest order, from Tanzania Railways, totals £2.3m. Malawi Railways have placed a £390,000 order. Both contracts are to be financed by UK loans through the Ministry of Overseas Development.

Other rail orders have been taken from Kenya, Ghana, Zambia, Sri Lanka, Malaya, and Iraq.

STC wins Italian award

Standard Telephones and *Cables (STC) won an £8m order* from Italy for a 257 nautical mile undersea telecommunications system capable of carrying up to 5,520 simultaneous telephone calls or two-way colour television and 1,800 telephone circuits.

It will be installed next year between Genoa and Sassari in north west Sardinia.

STC's *submarine systems* division, which has factories in Greenwich and Southampton, will design, construct and install the link.

Sudan rail link closed

The vital Port Sudan to Khartoum railway link has suffered another wash-away, Alan Darby reports from Khartoum. Some 12.5 miles of track near Port Sudan was washed away by heavy rains in the Red Sea Hills over the weekend.

About four miles have been rebuilt but reconstruction of the rest has been delayed because of the telecommunications difficulties between the capital and port. Wash-aways to the unballasted track frequently occur at this time of the year, but this year's unusually high rainfall has caused more severe damage. Sudan is at present negotiating external loans to finance improvements to the railway system

Combustion for Iraq

Combustion Engineering of Stamford, Connecticut, says its Lummus and Crest subsidiaries will provide engineering and field advisory services to Toyo Engineering of Japan on a $1bn gas project in Iraq, Reuter reports.

Von Roll funicular

The Berne-based machinery and materials handling division of Von Roll has received an order worth SwFr 7.5m for the construction of the Sunshine Village cable-car railway in Banff, Alberta. The system will consist of a series of six-man cabins working in continuous circulation with an hourly capacity of 1,800 people.

N.Z. studies new aircraft

By Dai Hayward

WELLINGTON, August 23.

NEW ZEALAND aviation authorities are evaluating Canadian, German, American and Brazilian aircraft for the next generation Air New Zealand fleet.

The aircraft under consideration range from 20-seaters to 400-seaters. Air New Zealand is evaluating aircraft to take over from its DC 10 fleet while smaller aircraft will be needed for the internal domestic flights. The Canadian Twin Otter is understood to be the *front runner* for the smaller aircraft but similar types from Germany, Brazil and the U.S. are also being looked at.

The rapid growth in business, particularly on the New Zealand-Los Angeles and New Zealand-Singapore and Hong Kong routes means that Air New Zealand wants a bigger aircraft than the DC 10.

Dutch chemical sales continue slow decline

BY CHARLES BATCHELOR

AMSTERDAM, August 23.

DUTCH CHEMICAL exports fell in the first four months of 1978, dropping 2.2 per cent to Fl 5.25bn ($2.43bn) from Fl 5.37bn in the same 1977 period.

This follows a decrease of 3.6 per cent to Fl 17.88bn in the whole of last year, compared with 1976, the chemical industry association (VNCI) said.

Exports of pharmaceuticals and plastics in particular were lower although dyes, paints and tanning products were higher, as were artificial fertilisers.

Imports rose 1.3 per cent in the first four months to Fl 2.97bn from Fl 2.93bn. These figures exclude synthetic fibres and yarns.

The decline in chemical industry exports contrasts with a very slight increase in the value of total exports in the period. Holland exported goods worth Fl 36.36bn in the first four months compared with Fl 36.26bn in 1977.

The chemical industry is heavily dependent on exports and they account for 86 per cent of turnover last year. The industry complains of high wage and energy costs as well as tough environmental regulations.

Holland has the fifth largest chemical industry in Europe, according to CEFIC, the European Council of Chemical Manufacturers Associations. Its share in the $114bn West European chemicals industry fell to 6.07 per cent last year from 6.13 per cent in 1976.

China to make Sulzer engines

WINTERTHUR, August 23.

SULZER BROTHER says it has signed a licensing agreement with China's National Technical Import Corporation under which China will be able to produce Sulzer diesel marine engines.

Sulzer said China was planning to expand its merchant fleet and that the agreement covered production under licence of large, slow-running, two-stroke diesel engines.

AP-DJ

Carter backs export policy

WASHINGTON, August 23.

PRESIDENT Jimmy Carter has given the green light for a national export policy. U.S. officials said that within the next three weeks the Administration's "push" for improving the nation's export performance will be announced, probably with considerable fanfare, by the White House.

President Carter's commitment to provide additional incentives to get U.S. companies into the export-selling effort is linked with the U.S. effort to bolster the dollar in international monetary markets through a series of monetary policy actions.

The National Export Policy (NEP) task force, a Cabinet-level group headed by Commerce Secretary, Mr. Juanita Kreps, had advised Carter earlier that the U.S. could not rely on the dollar's depreciation against other currencies to bring about a swift improvement in U.S. export performance.

AP-DJ

Tangle over Ericsson's Brazil bid

BY SUE BRANFORD

WITH THE *surprise announcement* yesterday of the disqualification of Ericsson from the bidding for £40m contract to supply 50,000 lines for a storage programme controlled (SPC) telephone exchange in Sao Paulo, the chances of Standard Eletrica do Brasil, ITT's Brazilian subsidiary have increased greatly.

But although an Ericsson spokesman in Stockholm said he understood the Brazilians had decided to start negotiations with ITT, there is a possibility that talks could run into the same difficulties over "Brazilianisation" which apparently scotched Ericsson.

As one of the conditions for the contract, Telebras, Brazil's State-owned telephone company, stipulated that foreign partners must only have a minority share in the proposed project and that, eventually, the Brazilian members must take over 100 per cent of the voting shares.

To satisfy this condition, Standard Eletrica has formed a holding company, Unipec, in which it has a 49 per cent stake in the voting shares. The rest is divided between Pereira Lopes (31 per cent), a Brazilian manufacturer of electrical household goods, and Brasilinvest, a merchant bank controlled by Brazilian capital, in which many leading foreign banks and companies have a stake. As well as Midland Bank, Dresdner Bank and Volkswagen, ITT itself participates in Brasilinvest.

The reasons behind yesterday's decision to eliminate Ericsson are not altogether clear. Ericsson appeared to have set up a highly-satisfactory interlocking association with a Brazilian financial conglomerate, Bradesco, which would have proved a particularly useful partner with its wide range of financial services.

The Swedish company controlled by Ericsson Skandia Insurance had recently bought up a 25 per cent stake in Atlantica Boa Vista, a company in the Bradesco group which in its turn controls Atlantica Cia. Nacional Seguros, an insurance company.

To increase Brazilian participation in its subsidiary Ericsson do Brasil *Comercio e Industria* (EDB), Ericsson was planning to set up a new holding company with Atlantica Cia Nacional de Seguros in which Ericsson would have a minority stake. This new company would then take over the voting shares of EDB.

Earlier rumours that Ericsson would be disqualified were based on Decree-Law No. 73, passed in 1966, which regulates the activities of insurance companies in Brazil and appears, inexplicably, to have been overlooked by Ericsson. This legislation limits the application of insurance companies' reserves to 10 per cent of the voting shares or 20 per cent of the total capital of any company in another sector. So, as Angelo Calmon de Sa, Minister of Industry and Commerce pointed out recently that this legislation made it illegal for the Cia. Nacional de Seguros to have more than a minority share in Ericsson's Brazilian subsidiary.

However, in the official note distributed yesterday by the Ministry of Communications, it is specifically stated that the decision was taken by Telebras before a technical report on this aspect of the association had been received. It is thus believed by some observers that the Government's veto was motivated by general aspects of the association which led officials to doubt whether the new company would really become independent of the Ericsson parent.

In its zeal to "Brazilianise" the telecommunications sector, the Government had laid down specific regulations to ensure the rapid take over of the multinational subsidiaries by Brazilian companies. Many observers believe the Government's tactics to be mistaken. National independence they argue can only be achieved with complete domination of the technology. It cannot be pushed through by government legislation.

These same observers believe that the new requirements have forced the multinational companies to set up joint ventures with Brazilian companies outside the sector, in which an artificial facade of "Brazilianisation" occurs. It is thought that Ericsson's association was rejected on these grounds and that ITT's proposal may also encounter similar difficulties.

Carpet industry seeks help

By Alan Pike, Labour Correspondent

TUC LEADERS are seeking a meeting with Mr. Eric Varley, Industry Secretary, to ask for Government action to overcome problems in the carpet industry.

The unions want the Government to establish a study of the industry which, says the TUC, is suffering severe problems through falling employment, falling production, company closures and over-capacity.

Union leaders will tell Mr. Varley that although the industry benefits from temporary employment subsidy, job problems remain acute, particularly in the Kidderminster area.

Although the unions accept that part of the problems result from a recent fall in sales they are concerned about long-term difficulties arising from the "haphazard" way in which changes from weaving to the less labour-intensive tufting process have taken place.

At present, the British industry dominates the home market but unions are worried that low-cost imports may become a growing problem.

Lake District law staff

THE LAKE DISTRICT Special Planning Board is to appoint its own solicitor and legal staff to help run its affairs as an independent body.

The chairman and vice-chairman of the Board's finance committee announced yesterday that, with the agreement of the chairmen of the Board and Cumbria County Council, they had "given authority for the Board to advertise for its own legal staff."

Profit target missed by Leyland offshoot

BY MICHAEL CASSELL

SP INDUSTRIES, the specialist engineering offshoot of British Leyland, fell well short of its forecast profit target in the first six months of this year.

The latest edition of the company's staff newspaper, SP News, says that the full extent of the shortfall will be revealed next month along with BL's first-half figures. They will reflect trading difficulties experienced at home and abroad in depressed markets and against fierce competition.

SP Industries is Britain's eighth biggest engineering business and last year experienced a shortfall on profits which reached only £12.4m before interest, compared with the £16.2m budget, on sales of just less than £200m.

For the current year, the company was budgeting for sales of £260m, although it expected the continuing squeeze on margins to produce a final profit for the year of £17m.

SP is involved in the manufacture of construction equipment, via its subsidiaries, Aveling-Barford, Aveling Marshall Goodwin Barsby and Barfords of Belford; forklift trucks (Coventry Climax); military vehicles (Alvis); and commercial refrigeration (Prestcold).

Same reasons

According to SP News, Aveling-Barford and Prestcold have borne the worst effects of poor trading conditions, while the company's other business groups still remain ahead of budget.

In what largely constitutes a repeat of the reasons given last year for the company's below-target performance, SP says that the strengthening of the pound and industrial disputes have added to problems.

Mr. David Abell, SP managing director, is quoted by the newspaper: "Against a background of poor market conditions, it is disappointing that sales were lost as a result of internal disputes. This has been a particularly bitter pill to swallow."

Mr. Abell said that a managing directors' "summit" had been held to examine ways to improve profits, reduce overheads and trim capital expenditure "in an effort to salvage as much of the 1978 budget as possible" although it is understood that the results for the full year will still be significantly less than forecast.

Aveling-Barford apparently has suffered at the hands of competition from the U.S.—75 per cent of its production goes overseas— while Prestcold Scotland, also facing tough competition, has been hit by damaging industrial disputes. Internal disputes within SP as a whole have lost twice as many hours as in the same period last year.

'Limit special steel imports'

A QUOTA SYSTEM for special steel imports which would allow foreign producers between 20 and 30 per cent of the British market was proposed yesterday by Mr. Stanley Speight, the Master Cutler, and chairman of Neepsend, a major Sheffield special steels producer.

Mr. Speight's proposal, which has support within the industry, is that Britain should copy the U.S. quota system for special steels. The American system has been effective in protecting the home market.

Most European producers have found it impossible to increase their U.S. market share during the world steel trade recession.

Mr. Speight said yesterday, "The U.S. system is the only way we can provide a long-term defence of the U.K. special steels industry in the teeth of persistent cut-price selling into Britain, particularly by some other EEC producers."

The Government is considering the case for more protection for the British specials steels industry as a matter of urgency following a call for action from the National Economic Development Office iron and steel sector working party this week.

A 20-30 per cent market share for special steels imports would not be as generous as it sounds. During last year foreign producers seized between 50-70 per cent of areas of the British special steels market (depending on product) by vigorous selling and keen pricing.

Intervention urged in cutlery dispute

BY RHYS DAVID

THE GOVERNMENT is being asked to bring together both sides in the Sheffield cutlery dispute to discuss their differences.

The appeal was made yesterday in letters from Mr. John Price, president of the Federation of British Cutlery Manufacturers, to Mr. Michael Meacher and Mr. Barry Cryer, junior ministers at the Trade and Industry departments. It follows the refusal by the federation to join talks arranged by the older established Cutlery and Silverware Association.

The federation, founded earlier this year, has been engaged in a prolonged dispute with the association over the measures needed to help the industry counter the high level of import penetration.

The association is backing the introduction of quotas but has been outbid in a demand for protection by the federation which wants a phased reduction in the share of the U.K. market open to importers.

Mr. Price last week rejected the association's proposal that chief executives of the ten leading companies should meet and instead suggested talks between the two organisations.

The association accused Mr. Price of being reluctant to meet his opposite numbers and of undermining the industry's submission on imports to the Government by putting a different case.

The association said the meeting of executives would go ahead with or without Mr. Price and would seek to arrive at recommendations on imports of finished and semi finished cutlery, the effects on employment and guidelines in relation to marking.

The issue of marking—whether or not Sheffield can be stamped on goods finished in the city but largely manufactured elsewhere —has also been a cause of dispute within the industry, and a conference on the issue will be held today under the auspices of Sheffield City Council.

Robson Rhodes in new international firm

BY ANDREW TAYLOR

ROBSON RHODES, the UK accountancy firm, is to link up with four North American accounting groups, three U.S. and one Canadian, to form a new international accounting concern.

It is to replace the British group's former partnership agreement with J. K. Lasser, which merged with Touche Ross last year. Robson is to maintain its links with Dunwoody and Co., the Canadian accountants, but this latest deal adds three new U.S. associate firms to the international partnership.

They are McGladrey Hansen Dunn, A. M. Pullen and Moss Adams. The new firm is to be named Dunwoody Robson McGladrey and Pullen. It will be represented by more than 600 partners and 3,000 staff members in 43 countries.

Mr. James Clement, a senior partner of Robson Rhodes, said yesterday that the new international partnership will be among the world's top 20 accounting concerns and is expected to generate gross fee income of about $120m (£62m) in the current year.

Norway sector to boost Frigg output

By Kevin Done, Energy Correspondent

GAS SUPPLIES from the North Sea Frigg Field will be boosted over the next few weeks as production starts from the Norwegian sector.

Elf Aquitaine, the operator for the Anglo-Norwegian field, said yesterday that gas had already started to flow through the 225-mile pipeline linking the Norwegian part of the field to the reception terminal at St. Fergus, north of Peterhead.

This second phase of the field development should be completed by the beginning of October, when supplies to the British Gas Corporation are due to be increased to 35m cubic metres a day.

The field, which cost nearly £2bn to develop, first came on stream in September last year, and gas supplies have built up gradually to about 20m cubic metres a day.

When the field reaches peak production of some 43m cubic metres a day at the end of 1979, it will be accounting for about 30 per cent of British Gas' present supplies.

Elf said that 17 out of 24 wells had now been completed on the No. 1 concrete drilling platform and seven of the 24 wells on the second drilling platform should be finished by October 1.

About 60 per cent of the Frigg Field is in Norwegian waters with the remainder in the UK sector. Elf Aquitaine has a 51.3 per cent interest in the whole field, Total 25.6 per cent, Norsk Hydro 20 per cent and Statoil 3.1 per cent.

Plutonium inquiry under way

Financial Times Reporter

SIR EDWARD POCHIN, a world authority on radiology, arrived at the top secret Atomic Weapons Research Establishment at Aldermaston yesterday to start his two month investigation into health and safety standards at the plant.

He was called in by the Government after it was discovered last week that 12 workers at the establishment suffered from plutonium contamination at levels of up to twice as high as the limits recommended by the International Commission on Radiological Protection.

On Tuesday, a section of the plant was closed after unions had expressed fears over health and safety precautions. It has not been disclosed what type of work was carried on in the section or what the safety fears were.

Property man extradited

MR. TREVOR PEPPERELL, aged 50, a property consultant, who has been in custody in Oldenburg, West German, on an extradition warrant alleging that he stole £2.4m from the London and County Securities banking group in 1972, returned to Britain with Scotland Yard officers last night. He is expected to appear at Bow Street Court today.

Scots plan new foreign links to lure industry

BY RAY PERMAN, SCOTTISH CORRESPONDENT

SCOTLAND is planning to attract foreign industry by opening offices in Europe and the United States to approach potential investors ahead of other Government agencies.

The Scottish Development Agency, which already has a link with the EEC in Brussels, expects the move to give Scotland a considerable advantage over other development areas.

The agency, the Scottish equivalent of the National Enterprise Board, is slowly taking over the task of promoting Scotland abroad from the Scottish Council (Development and Industry).

But whereas the council worked through British agencies overseas, such as the embassies, consulates, and the Invest in Britain bureau of the Department of Industry, the agency seeks to go further by approaching companies before they contact other government bodies.

For the last year it has used a small consultancy firm in Brussels to promote interest in Scotland among multinational companies and to provide a link with the European Commission. It is considering boosting this presence by opening a fully-manned branch office which would cover the whole of Western Europe.

There are also proposals for a major presence in America.

Mr. James Gorie, the agency's promotions director, is in New York negotiating an agreement with publicity consultants J. Walter Thompson to represent the agency. Representative offices could be opened later in Texas and California.

Mr. Gareth Le Sueur, development manager for the agency, said yesterday: "The Government tries to ensure that the overall British effort is co-ordinated.

"Perhaps there could sometimes be a slight conflict between our loyalty as Scots and our loyalty as Britons. But we accept that you must sell the UK before you sell Scotland.

"By promoting ourselves directly abroad we want to improve the chances of companies which will anyway go through the established channels, asking to see Scotland; and to gain access to those companies which do not want to go through the established channels.

"A strong overseas presence is a central plank of the agency's philosophy, because this is one where Scotland has lost out.

"Many of the American states have offices in Brussels and the Irish have 18 offices in the U.S. It goes without question that Scotland can afford just one."

Mr. Le Sueur said the agency would devote a substantial sum to overseas promotion. Low labour costs made Scotland an attractive proposition for foreign industry looking for new locations, particularly firms from the U.S., West Germany and Scandinavia.

● The Government is to provide £3.5m in grants and loans towards the £10m redevelopment of the former Scottish Daily Express building in Albion Street, Glasgow, by the publishers George Outram.

Mr. Gregor MacKenzie, Scottish Minister of State, yesterday handed over a £1m first instalment to Mr. John Crawford, managing director Outrams, the SUITS subsidiary which publishes the Glasgow Herald and the Evening Times.

More curbs on adverts for cigarettes sought

FINANCIAL TIMES REPORTER

A NEW independent authority to control tobacco advertising and promotions was called for yesterday by the Action on Smoking and Health pressure group.

The proposed authority would aim to make effective the present restrictions on tobacco promotions which the group believes are being flouted by the industry. It will present its case in a detailed memorandum to Mr. Roland Moyle, Health Minister, at a meeting within the next few weeks.

The group is seeking a firm commitment from the Government before any election on its policy towards cigarette advertising and promotions. The Conservative policy also is likely to be sought by the group.

In its memorandum to the Minister, Action on Smoking and Health says that the existing curbs on cigarette advertising have led to a proliferation of new forms of sales promotion and that "such curbs as exist have fallen into disrepute."

The group wants an impartial body to monitor all tobacco sales promotions, administer all existing codes of practice and introduce new curbs which are in the public interest. The new body also should have advance warning of all sales promotion activities planned by tobacco companies.

The memorandum lists other proposals for tightening curbs. These include curtailing special promotional mailings to other than known smokers, further restrictions on advertising and the banning of offers of free cigarettes.

Mr. Mike Daube, the group's director, said yesterday that the present controls were well-meaning but totally inadequate. This had been demonstrated by the excesses of cigarette sponsorship in sport, television's same-name pipe, cigar, and shop advertising, and the recent big State Express brand launch.

His pressure group would press the Minister "to recognise that voluntary agreements with the industry are ineffective, and that the smoking and health campaign cannot be expected to succeed until the Government stops equivocating and lives up to its responsibilities."

Vaccine protects burns victims from infection

FINANCIAL TIMES REPORTER

A VACCINE which could greatly simplify the treatment of major burns in Britain and revolutionise it in Third World countries, has been developed at the Medical Research Council's industrial and burns unit at Birmingham Accident Hospital.

The vaccine protects against a group of bacteria, called pseudomonas, which do not attack healthy people but which can be lethal to the severely burnt patient once infection is established. The bacteria are already resistant to all but one of the available antibiotics.

In Britain infection is generally avoided by barrier nursing which isolates the patient from infection. But there are still occasional deaths from pseudomonas.

In Third World countries, where less sophisticated techniques are available, pseudomonas infection is a major cause of death in cases of severe burns.

The vaccine, developed over 12 years at Birmingham Accident Hospital with Wellcome Laboratories, is still on clinical trial and is not yet widely available.

Dr. Rodney Jones, senior scientist involved in the vaccine's development, said yesterday: "In India they are already thinking of protecting all young people with the vaccine, as many people cook with oil stoves and with the loose saris worn there are some terrible burns resulting."

£500,000 spent on research for disabled

Financial Times Reporter

GOVERNMENT health departments and agencies spent more than £500,000 on research and development of equipment and aids for the disabled last year.

That figure emerges from the eighth report on research and development work on equipment for the disabled, published yesterday under the Chronically Sick and Disabled Persons Act, 1970.

The report, which describes research and development projects undertaken by health authorities and local and central government departments during 1977, concludes that progress has been maintained.

Individual projects undertaken by health authorities are listed and the report details research conducted or planned by government agencies and establishments.

Research and Development Work on Equipment for the Disabled 1977; HMSO.

Plan to extend training for young workers

Financial Times Reporter

THE GOVERNMENT is keen to improve the opportunities of young people to receive direct vocational training after they have left school.

Since 1976, under an experimental scheme, 16- to 19-year-olds who go straight out to work with little prospect of further education or training have been able to attend vocational courses with the co-operation of their employers.

The courses are due to run until 1981 at a total cost of £4m. But the Government and the Manpower Services Commission want to look into ways of further extending vocational preparation.

A joint study group, chaired by Mr. Richard Bird, an Under-Secretary at the Department of Education and Science, will consult with the TUC, the CBI and training organisations within industry and education.

Rank deal establishes Toshiba in Europe

Max Wilkinson examines the reasons for Japan's interest in European television manufacture

TOSHIBA'S DECISION to help to rescue the Rank loss-making television manufacturing business is just one move in a complicated game which the Japanese are playing, to consolidate their hold over the world's consumer electronics markets.

Their basic dilemma in television and audio, as in motor cars, is that their success in marketing highly competitive products threatens to provoke retaliatory actions.

There has been a sharp reduction of imports to the U.S., reluctantly agreed by Japan after protests from U.S. manufacturers including the two main producers, RCA and Zenith.

Japan agreed to limit exports to the U.S. to 1.75m sets a year for the next three years, compared with a peak nearly 3m sets in 1976. At that time, Japanese imports and the output of subsidiaries in the U.S. took 40 per cent of the colour television market.

To counter restrictions on imports, most major Japanese companies stepped up plans to manufacture in the U.S.

Sony, already well-established with a factory in San Diego, launched an ambitious expansion plan.

Matsushita, the other major manufacturer, also started to increase production.

In December, Toshiba announced that it would build a new plant in Nashville, Tennessee, while Hitachi signed a joint venture agreement with General Electric.

Although some U.S. manufacturers have criticised Japan's increased U.S. production, this has not yet encountered any serious obstacle.

Zenith, transferring production to a cheaper labour area in Mexico and RCA, which already manufactures offshore, are not in a strong position to criticise companies which bring jobs to the U.S.

Europe presents similar, though more complicated, problems for Japan. It is the one major market left for the Japanese consumer electronics companies to exploit.

With home production falling to 9.53m sets last year from a peak of 10.53m in 1976, Japan needs a new market.

The Japanese domestic market for colour televisions has reached saturation point. Exports fell last year by nearly 16 per cent to 4.42m sets, compared with 5.25m in the previous year. Consequently, the growth rate of, for example, Sony—wholly dependent on consumer electronics—has slowed.

Expansion into Europe is complicated by the licencing arrangements for Telefunken's PAL colour system, used in all West European countries except France, and by the strength of national companies like Grundig in Germany and Thorn in the UK.

Under the PAL licence, Japanese companies are prevented from exporting the larger 22-inch and 26-inch sets into Europe.

The licence also limits the exports which a Japanese company could make from a manufacturing subsidiary inside Europe. Exports from such a factory must not exceed the number of sets sold in the domestic market of the country in which the plant is situated.

This restriction effectively limits a Japanese European manufacturing ambition to the UK and Germany, the only countries with a sufficiently large domestic market.

High labour costs in Germany and the preference of German consumers for familiar German brands has narrowed Japan's choice to the UK.

Two further factors tend to confirm the UK as a suitable manufacturing base for Japan. Japanese engineers are already familiar with the English language, particularly in a company like Sony, which already has a U.S. subsidiary.

Secondly, Japanese companies obtained a healthy 12 per cent share of the 1.6m sets-a-year UK market, following the 1972 consumer boom when British companies were unable to meet demand.

The growth of protectionist pressures in the UK television industry has provided a further motive for seeking a manufacturing subsidiary in Britain.

The first two companies to set up factories in the UK, Sony and Matsushita, encountered no difficulty.

Their plan to bring extra jobs to the development area of South Wales was welcomed and subsidised by the Government.

But last summer, when Hitachi tried to follow suit with plans for a plant in Washington, County Durham, it met opposition from trade unions, British companies, and the multinational Philips.

The continuous depression of the UK market, coupled with a steady improvement of productivity, had left most factories with 40 per cent to 50 per cent over-capacity.

A threat of redundancies hung over the whole industry, and it was generally feared that Hitachi's UK plans would hasten redundancies elsewhere.

Hitachi withdrew gracefully to save the British Government from an embarrassing decision. But the redundancies were not prevented.

Thorn subsequently announced the closure of one of its three factories, while Philips, GEC and Decca made significant cuts in their labour forces.

Hitachi was encouraged by the British Government to consider forming a joint venture.

It is believed to have held talks with the General Electric Company (GEC) about a similar deal to that which it signed in the U.S. with General Electric (not connected to GEC).

Reports of these talks were not confirmed, but Toshiba and Rank announced about the same time that they were also negotiating.

Toshiba first considered whether Rank could use some of its spare capacity to make Toshiba-designed monochrome sets and audio equipment.

It was looking for an alternative source of production to its Taiwan factory, after imports of consumer electronics from Taiwan had been severely limited by a quota imposed at the request of UK manufacturers.

Toshiba appears to have been convinced that Rank had adequate plant and management to make a wider range of equipment designed in Japan.

The agreement, therefore, gives much management control to Rank, but envisages that the Japanese partner will eventually provide most of the technical expertise.

The advantage of the deal for Toshiba is obvious. The company will establish itself in Europe, avoid difficulties with the PAL licence and, by helping to save jobs in Rank factories, circumvent possible opposition from trade unions.

The reasons for Rank's or GEC's need for Japanese help to make television manufacture profitable is less obvious.

Firstly, Japanese sets have established a high reputation for quality and reliability.

British manufacturers privately admit that their own sets were substantially less reliable in the early 1970s, and although the imbalance has been redressed, consumers are naturally influenced by the past performance of sets bought previously.

Secondly, the Japanese, with their huge production volumes, have been able to finance research and development on a scale which is completely out of the question for many of the smaller British manufacturers.

Research and development has become increasingly important because of the shift of emphasis towards economies of scale and automatic mass production techniques.

The increasing complexity of integrated circuits has meant that television sets are being redesigned with fewer and fewer, though more complicated, circuits.

Thorn, the UK market leader, estimates that the number of separate components in a television set will be reduced from about 1,370 in 1970 to about 400 in the early 1980s.

Computer-controlled assembly machines are also being introduced. These rapidly reduce the need for direct labour.

By 1980 the number of components needing hand assembly will be cut to about 200 or fewer per set compared with about 670 last year.

Just beyond the immediate horizon is the probability of even more radical change, such as the replacement of the television tube with a flat screen based on liquid crystal display technology used in calculators.

Already, Western manufacturers are faced with the fact that they have been beaten by the Japanese in the development of cassette video recorders, and decisively outclassed in the production of music centres.

For these reasons, it is inevitable that television and audio manufacture will move further into the orbit of large multinationals.

In Europe, it will probably end in a straight fight between Philips, the Japanese and perhaps half a dozen of the present European companies.

Even GEC, with its huge cash reserves, has understood that it cannot compete on the old basis.

It must either commit a very large investment in a risky effort to become an international force in consumer electronics, or team up with a company which already has such a position.

There is always a third possibility of simply selling out of the business altogether.

GEC would probably prefer a joint venture or a licensing deal with a Japanese partner. But on this occasion, it seems, Rank has been first off the mark.

HOME NEWS

Ban urged on group political donations

BY RUPERT CORNWELL

MR. DAVID STEEL, the Liberal leader, called last night for a ban on corporate donations to political parties: by companies to the Conservatives and by trade unions to Labour.

Mr. Steel's proposal, which would be a reform demanded by his party if it held the balance of power in the next Parliament, comes as controversy over the subject builds between the main parties.

Instead, the Liberal leader would like to see the American system of limited tax relief on individuals' donations to parties introduced into Britain.

Speaking in his constituency of Roxburgh, Selkirk and Peebles, Mr. Steel based his argument on the need to break away from "the continuing adversarial system of politics promoted by the confrontation of the Tory and Labour Parties."

Wasting

Companies contributing to Tory funds were wasting their shareholders' money. If they helped the Conservatives back to power, Labour would move further to the Left and return to office committed to even more Socialist policies.

Mr. Steel was equally critical of Labour Party financing whereby "thousands of trade unionists who are not Labour voters find themselves contributing automatically through the political level. Contracting-out facilities are not exactly encouraged."

Cabinet Ministers, including Mr. Denis Healey, the Chancellor, have attacked industry recently for its allegedly extensive aid to Conservative Central Office. Mr. Roy Hattersley, the Prices Secretary, accused the brewers of "impropriety" in their links with the Conservatives.

Mr. Merlyn Rees, Home Secretary, has suggested legislation to put donations to the Tory Party on the same public footing as union assistance for Labour.

Stamps offered to guests by hotel chain

By Our Consumer Affairs Correspondent

GREEN SHIELD trading stamps are to be offered for the first time on hotel bookings as part of the company's attempt to win back custom after the decision by most major supermarkets to stop giving stamps.

The 20-hotel Centre Hotels chain said yesterday that it was offering between one and four full books of Green Shield stamps to anyone booking a special winter weekend holiday.

State and bank join to aid businesses

BY ANTHONY MORETON, REGIONAL AFFAIRS EDITOR

A £250,000 joint venture to assist small business in the north-east of England was launched yesterday by the National Enterprise Board and Midland Bank. They have formed Newtown Securities (Northern) to put up development finance for concerns which have run out of their normal borrowing facilities.

Mr. Gerald Connolly, northern director of the Board, said in Newcastle: "The kind of client we hope to attract is the small businessman who has come to the limit of his borrowing and wants to finance the second stage of expansion."

Mr. Barry Smith, the bank's northern region director, said that the Midland was anxious to recognise the needs for equity capital among small businesses and to meet this need more than it had in the past.

Finance for Newtown Securities will be made available through loans ranging from £5,000 to £25,000, probably unsecured, and Newtown will largely use the Midland's facilities and staff to process applications.

Newtown will consider applications from any source, but if a loan is granted one condition will be that Midland will handle the whole of the company's banking business. Newtown will also seek to write an equity option into any loan.

Mr. Smith will be chairman of Newtown Securities, which is expected to start operations on September 1 and Mr. Connolly will be a member of the board. The bank and the Enterprise Board will appoint one more member each.

Limited

Mr. Connolly said that the board had found there were difficulties of cost effectiveness associated with loans of less than £100,000, and he said that the scheme was experimental. Unless it became commercially viable it would not be continued.

The number of loans that Newtown can make will obviously be limited. If the average is £10,000 each, then the limit will be 25 and this will be seen by critics of the board as doing too little rather than too much for a part of the country badly affected by the rundown of the economy.

Mr. Connolly defended this commitment by emphasising the experimental nature of the scheme and promising that if successful there was every possibility of extending it.

Mr. Smith said that the bank had found difficulty when considering the needs of small firms of making a large number of investments cost effective.

"This is where our liaison with the board is so important. They have complementary interests to our own and have developed great expertise in investment analysis.

"Through our discussions we came to see that a joint venture would allow us to undertake the essential supervision through the bank's structure without creating a top-heavy and very expensive organisation.

"We hope the scheme will fill a gap in the market and be of genuine assistance in helping to stimulate growth."

Offshore diving system tested

BY KEVIN DONE, ENERGY CORRESPONDENT

VICKERS HAS begun deep-sea trials of a diving system, which it claims will give technicians working access to underwater oil and gas installations at normal atmospheric pressure.

The trials follow two years of development sponsored by nine organisations from the UK, Norway and the U.S., all with major interests in the offshore oil and gas industries.

Vickers said yesterday that the system permits underwater equipment to be installed and maintained within a steel chamber in which the pressure is reduced to normal atmospheric levels.

It should provide a safer working environment and offer a considerable reduction in costs.

The trials are being carried out in two phases in the Kyle of Lochalsh off the west coast of Scotland. Initial tests in 80 feet of water will be followed by deeper trials at depths of about 400 feet.

The sponsors of the development programme are British Petroleum, British Gas, the British National Oil Corporation, Amoco, Norsk Hydro, Saga Petroleum, GEC Marconi and the Department of Energy.

Vital rural services threatened

By Colleen Toomey

SERVICES ESSENTIAL to the survival of small rural communities such as shops, garages and post offices, must combine resources if they wish to remain open, according to a report published yesterday.

The Conference of Rural Community Councils, which made the recommendation, carried out a survey in seven counties in the south-west of England and incorporated information from other parts of the country. It also suggested that, to help elderly and poorer country people most affected by the closures, public agencies such as the Post Office, and voluntary schemes such as co-operatives, should give six months' warning of a closure.

One of the most crucial losses to a small community is the village school, since planners will often refuse any new development in the village when a school closes. In the five years to 1977, 9 per cent of Wiltshire's village schools have closed—part of the 800 shutdowns recorded in rural England since the Plowden Report was published in 1967—and as many as 1,000 may be under sentence of closure today for financial rather than educational reasons, according to the report.

The cut-price petrol war has badly affected country garages and as many as 2,500 may be forced out of business if fierce competition continues.

Shops 'doomed'

Villagers have also seen a gradual drift of their country doctors to towns or villages in the past ten years—in one case the loss was 33 per cent. It is becoming increasingly common for doctors to join group practices and health centres, and new doctors setting up a rural practice are hampered by Health Department restrictions.

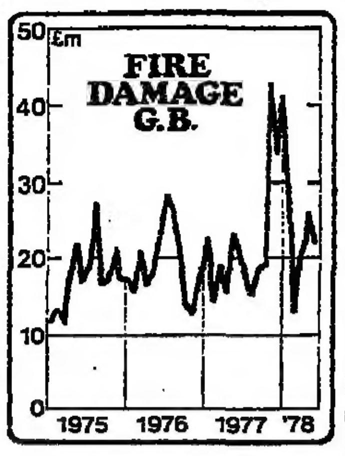
Village shops seem "doomed," the report claims. In the five years to 1977, 13 per cent of the villages in Gloucestershire and Wiltshire lost their local shop, brought about by the popularity and convenience of freezers and a population drift to bigger towns for work and shopping. VAT and the end of resale price maintenance also hit village shops' profitability.

The report suggested that to ensure the survival of community services, district councils should be given the power to make a grant to private services for up to six months. That way, local councils would have sufficient breathing space to find alternative ways of providing a particular service.

The report does not favour introducing grants or subsidies for services that could be better provided for by community self-help schemes or existing resources. But parish councils, it suggests, should make greater use of their powers to levy a 2p rate to support the shops, chemists, post offices, or any other vital services.

July fire damage costs £22.1m

By Eric Short



A FIRE at an electrical warehouse in the North-West, causing damage estimated at £6.4m, was a prime factor in putting UK fire damage last month at more than £20m.

Figures issued yesterday by the British Insurance Association gave the estimated cost of fire damage in Great Britain last month at £22.1m—the third successive month in which damage has exceeded £20m. Although this value was £3.8m. lower than in June, it was over £4m higher than in July last year.

Fire damage costs so far this year at £168.8m, are 27.5 per cent higher than in the corresponding period of last year.

A fire last month at a school in the North-East cost £1m and seven other fires caused damage in each case of at least £250,000.

In a further 57 fires individual damage amounted to more than £35,000, including 23 in places used by the public such as cinemas, schools, shops, social clubs and theatres.

Recreation will cost councils £450m

By Paul Taylor

LOCAL authorities in England and Wales plan to spend more than £450m on leisure and recreation services in the present financial year.

Details of local government estimated expenditure for 1978/79 in this sector were published yesterday by the Chartered Institute of Public Finance and Accountancy third annual returns. The figures are based on the budgets of about 95 per cent (429) of the 456 local authorities in England and Wales.

The survey covers a breakdown of leisure and recreational expenditure on indoor and outdoor swimming pools, leisure centres and sports halls, community centres, outdoor sports facilities, golf courses and allotments as well as cultural facilities such as theatres, art galleries, museums, musical concerts and art promotions.

Direct comparisons with previous estimates are not possible because of different levels of response from local authorities to the Institute questionnaires. In 1977/78 the 408 local authorities which replied to the questionnaire planned to spend £373m on leisure and recreation facilities.

Latest figures do, however, show some interesting comparisons between local authorities, and between forms of leisure and recreation expenditure.

It is clear, for example, that local authorities intend spending only about 10 per cent of their leisure and recreational budgets on cultural facilities during the present financial year.

The figures also show that in general terms the Greater London Council and the London boroughs spend almost twice as much per head of population on leisure and recreation as do the shire authorities, with metropolitan authorities holding the middle ground.

"Leisure and Recreation Statistics Estimates 1978-79, from CIPFA, £4.50.

Local councils to learn about Europe

Financial Times Reporter

MORE THAN 200 delegates representing 80 local authorities have booked places at the first national conference for UK councils on European and International affairs. The conference will be at York in October and will last three days.

It has been arranged by the British sections of the International Union of Local Authorities and the Council of European Municipalities, made up of the four main local Government organisations, in an attempt to make local authorities more aware of European affairs that affect them.

The two bodies yesterday published the second of a series of monthly bulletins drawing the attention of local authorities to proposed EEC legislation and other community developments.

LABOUR NEWS

Incomes policy ignored in ICI pay rise offer

BY NICK GARNETT, LABOUR STAFF

IMPERIAL CHEMICAL INDUSTRIES has offered its manual workers substantial pay rises, "leaving incomes policy considerations aside," only weeks after agreeing a Phase Three settlement.

The move is an attempt to sort out staffing shortages among a particular section of highly-skilled employees.

Workers in the top specialist and technical grade have been offered a £7-a-week rise and those in the grade immediately below an increase of £5.

All the manual workers, including these two grades, have also been offered consolidation of £6.60 pay policy supplements which will boost shift premiums and overtime pay.

The company said yesterday that the offer was designed to meet a specific problem and was separate from the yearly wage settlement.

In issuing the proposals to the signatory unions, ICI said that it had to take an initiative "which could help a solution in the interests of everyone in the company, leaving incomes policy considerations aside because the outlook there could not be certain in present circumstances."

The unions are due to meet the company on September 7 to discuss the proposals. At that meeting, said the company, "incomes policy factors" would be discussed.

Initial reaction to the proposals from the Transport and General Workers Union, which represents workers in the lower grades, appears so far to be hostile.

The company is facing a chronic shortage of instrument artificers who look after control room instrumentation. Craft unions have been refusing to co-operate in a programme to retrain fitters and other skilled men to be artificers until the company improves pay differentials for manual workers in the top skilled grades.

The company specified that any new proposals had to be agreed by all the company's signatory unions in order to keep the basic structure of the national pay agreement intact.

That was the principal reason why workers in lower grades not directly related to the artificers shortage have also been offered improvements in shift and overtime earnings.

In return for the rises, the company said that it wanted "full co-operation" from the unions in trying to remedy the artificers shortage.

Mr. John Grime, secretary of the ICI shop stewards combine, said that it was not clear how the company would justify the increases under pay policy.

The company had refused to consolidate the £6.60 (made up of the Phase One supplement and the 10 per cent) in the last settlement because it would have taken it above pay guidelines.

Transport Workers' shop stewards at some ICI sites, including Wilton, Teesside, where the shortage of artificers is acute, have already rejected the offer as providing too small an increase for people in the lower grades.

British Airways 'back on schedule'

BY LYNTON McLAIN

BRITISH AIRWAYS flights from Manchester and Heathrow airports are expected to return to normal today after a 24-hour strike by maintenance engineers.

The airline said that all short- and long-haul flights would be back on schedule and running smoothly from 6.30 am this morning, when the engineers are expected to finish their industrial action over a pay parity claim.

Manchester airport was hit worst during yesterday's strike. No British Airways flights landed or left the airport in the face of totally effective strike action by the engineers.

At Heathrow airport, the impact of the industrial action was mixed. Long-haul flights, particularly to and from the U.S., were worst hit, as insufficient engineers turned up at Terminal Three, the departure point for long-distance flights.

Short-haul flights to Europe from Terminal One operated normally yesterday and there were few delays.

The impact of the action at London's Terminal Three was mitigated by British Airways' decision to use Stansted Airport in Essex as a refuelling stop for eight Boeing 747 jumbo jet flights from New York, Toronto, Boston, Port of Spain, Los Angeles and Bermuda as well as VC10 flights from Cairo and East Africa.

A total of 11 of the airline's aircraft landed at Standsted for refuelling, and other ground operations in an attempt to avoid delays at Heathrow.

Most of the aircraft waited between 40 minutes and 90 minutes, with passengers unable to leave their seats.

The engineers are seeking parity with British Caledonian workers at Gatwick for working on wide-bodied jets.

TUC membership rises by 350,000 in year

BY ALAN PIKE, LABOUR CORRESPONDENT

TUC MEMBERSHIP is nearing 12m, with about half the total working population in affiliated unions.

Delegates to the council's annual Congress, which opens in Brighton on Monday week, will be told that membership has increased by almost 350,000 to 11,865,000 during the past year.

The most notable areas of increase are in the clerical, technical and managerial spheres.

The TUC said yesterday that the many unions working for the past decade to recruit white-collar employees had "convinced professional people that, by combination, they can provide themselves with a service that they can obtain in no other way."

Thousands of people who, a few years ago, would have scoffed at the idea of joining a union, were now eager members. The TUC was 50 per cent stronger than 25 years ago.

"Working people are forever being told that trade unions are unpopular and that their influence is resented.

"The answer that working people themselves are giving to this is that, in every sort of occupation, they are flocking to join unions."

Last year's increase in membership, at 480,000, was higher than this year's, but last year's figure included some new unions affiliating.

Members of the Trade Union Committee for a Labour victory, set up last month by Mr. David Basnett, council chairman, and other union leaders, yesterday decided to establish a public relations unit.

Mr. Basnett said that it would deal with any questions on trade union activities raised by Conservative spokesmen.

The committee will contact other Labour Party members of the TUC general council next week for discussions on campaign strategy.

Health Service technical staff seek hours cut

BY PAULINE CLARK, LABOUR STAFF

UNIONS REPRESENTING 26,000 professional and technical staff in the National Health Service are to take unilateral action to secure a shorter working week from September 4—the day the TUC Congress opens.

An instruction has been sent to members in hospitals throughout the country to work only 37 rather than the present 38 hours a week from that date in defiance of the Health Service employers.

This is the second group of public service workers this year to threaten unilateral action over demands for a shorter working week.

Last month, Mr. Terry Parry, general secretary of the Fire Brigades Union, reiterated at a delegate conference plans to take unilateral action by November if agreement had not been reached by then with employers.

Although the National Health employers' side has accepted the principle of the shortened week for hospital technicians, it has made it clear to the seven unions involved that its introduction now would be in breach of Government pay policy.

Mr. Albert Spanswick, secretary of the Whitley Council professional and technical staff side and general secretary of the Confederation of Health Service Employees, said yesterday that action could intensify if there were any attempt to discipline members for working a 37-hour week or to cut their pay.

Agreement had been reached to introduce the shorter working week last March and the unions were determined that this agreement should be honoured.

The unions claim a reduction in the working week would be in line with that agreed for administrative and clerical staff in hospitals and that it was long overdue. They say that with improved efficiency the cost would be low and it would create extra jobs to help solve the unemployment problem rather than add to overtime earnings.

Staff involved, including laboratory scientific officers, hospital engineers and works staff and technicians in pharmacies, mortuaries and medical physics, have undertaken to carry on emergency services as usual.

SU Fuel toolroom strikers face expulsion

By Peter Cartwright and Alan Pike

AN ALL-OUT fight between 32 toolroom strikers at the SU Fuel Systems factory in Birmingham of BL (formerly British Leyland) and the strikers' own union can be expected after a decision by the men to ignore an Amalgamated Union of Engineering Workers' executive call to an emergency meeting today.

The toolroom strike leader, Mr. George Regan, said that the men had reached their decision "in the full knowledge that it could lead to expulsion from the union and loss of jobs."

The AUEW executive has instructed the strikers to attend an emergency meeting of the union's East Birmingham district committee this afternoon at which Mr. Terry Duffy, president-elect, will be present.

They reached their decision not to attend by 19 votes to three yesterday, with the remaining strikers absent.

At the weekend, the strikers, defying a union instruction to return to work, boycotted another district committee meeting and most are being fined the maximum of £9 as a result.

If they go ahead with their plan not to attend today's meeting, demands from district committee members for their expulsion seem certain.

Unofficial

The AUEW executive has said that it will give immediate consideration to "endorsing any further steps the district committee takes" to safeguard jobs. Other AUEW members at the SU factory have agreed to help overcome the effects of the three-week-long strike.

However, the strikers have the support of the unofficial Leyland toolroom committee and there is the danger that the dispute will explode into a much more serious confrontation.

Other Leyland toolmakers in Birmingham and Oxford have contributed £800 during the first week of a 50p levy to support the strikers with more money still to come in.

The SU strikers are demanding parity with toolroom workers at BL's Rover plant in Solihull who earn more than £6 per week more. They say they will attend meetings only if a pay offer is on the table.

However, the AUEW says that it is satisfied with the moves which Leyland is making towards the goal of pay parity by November next year, and that the action of the strikers risks jeopardising these.

Shop stewards who are leading the strike, now in its third week, which has crippled BL's Bathgate truck and tractor plant have been called to a similar AUEW district committee meeting today.

They are also defying an executive instruction to end their strike over a demand for extra payments for operating new machine tools.

BL is also affected by a third strike, involving Transport and General Workers Union members, at its Llanelli radiator plant.

● *Production of Massey Ferguson* tractors was halted in Coventry yesterday by a strike of 200 toolsetters and charge hands protesting over a change in working arrangements and allocation of jobs.

Solution sought from Tube men

By Our Labour Staff

UNION LEADERS of London Transport underground workers who are threatening a series of one-day strikes from two weeks today have been asked to suggest their own solution to a dispute over an economies programme.

London Transport said last night that a meeting between representatives of station staff in the National Union of Railwaymen and management had been adjourned for another week.

In the meantime, the union side had been asked "to consider what other economies can be made other than restricting overtime."

A centre for getting ahead

Alan Forrest raises his hat to Luton—still the family centre for headgear

ROSS BAGNI wishes the Queen could have a jubilee every year. Occasions such as jubilees boost the sale of women's hats and Mr. Bagni is a hat maker in Luton.

His company, Sanders and Bagni, is typical of the many small concerns in the Guildford Street "hat district" round the railway station and employs about 40 people (plus home workers) on premises that can be described only as ancient.

He makes fashion hats from shapes brought over from Paris and is a real worker-boss, at his table at 7.30 am cutting braid and felt when a deadline has to be met.

For although the fame of the town came through the straw boater, only one company still manufactures them. Luton's real business is women's hats. True, the labour force has shrunk to about 2,500, a mere fraction of the number employed at the town's Vauxhall motor plant, but this is still the centre of the hat industry.

Historians argue endlessly as to when hats first came to Luton. Records show that as early as 1681, straw hats were being made at Dunstable, which adjoins Luton. Certainly the industry flourished during the Napoleonic Wars, when plait was bought from French prisoners at Yoxley Barracks. That led to hot disputes with local plaiters and eventually soldiers marched into the barracks and burned the prisoners' straw.

But in the years after the war the industry really gathered momentum. It was always a cottage industry, and even today it looks like one. Straw is still a basic raw material—no longer plaited in Bedfordshire, but more likely imported from China.

It is still a busines that runs in families. Although many people have defected to Vauxhall, with its higher pay, smart canteens and sports facilities, you can still find hat makers employing two or even three generations of one family.

Ross Bagni's story is typical. "My grandfather came over from Italy and set up as an importer of Tuscan straw. My father went into the hat business. I did, too, and my mother was furious. She said one hatter in the family was enough. But it was the only thing I wanted to do." He is still only 30.

Hat making is hard work and the sex divisions are clear. The blockers and steamers who shape the hats, hot, physically heavy work, are men. The milliners are women. But when you walk through a plant such as Sanders and Bagni and see a group of middle-aged women delicately hand-sewing adornments on hats, it is difficult to decide which sex has the harder task.

People do get hooked on hat-making. Ross Bagni's labour force is mostly middle-aged. His designer, Mary Squires, is "about 60" and started with the company at the age of 14. Last year she won the Queen's Jubilee Medal for services to the industry.

Hat makers worry about the lack of young people entering the craft, in spite of training schemes. Ross Bagni said: "Where do you find young girls who can do hand-sewing? It isn't taught in schools these days."

Raymond Woods, of Hugh Woods, a company that sells half its output to British Home Stores, said: "If I advertise a job and somebody aged 50 applies for it, I'm glad, because I'm pretty sure I've got somebody who can do it."

Luton hat makers are not expecting a further decline. There is confidence that women are taking to hats again.

Export trade is healthy: to Scandinavia, the U.S., Japan, even third-world countries such as Nigeria. One hat maker told me: "If we got a sizeable increase in volume of trade we might not be able to handle it with the present labour force."

One of Ross Bagni's export favourites is Scandinavia. "They seem to have more formal occasions where women wear hats," he said. "And last year's jubilee certainly boosted the home trade".

Mr. Martin Leonard pressing straw boaters at A. E. Olney, Luton's only works still producing boaters.

But Luton is looking to the future. The British Hat Guild was formed in recent years, a merger of hat trade associations. Its president is Lutz Reymann, head of Marida Hats, who was born in Germany and came to Britain just before the war.

His company is one of the few big ones in the local industry, employing more than 150 people and exporting two-fifths of its output. It is highly mechanised and housed in modern premises that make the average Luton hat plant look like an industrial slum.

Mr. Reymann does not believe the hat industry can remain a quaint cottage industry. "I'm optimistic," he said, but admitted that the future might see rationalisation and mergers. He is confident that can be achieved without slashing the industry's labour force. "We shall simply be more efficient and sell more."

Most Luton hat makers believe the creation of the British Hat Guild is a step in the right direction. It takes in the local industry, the men's hat companies in the North and even up-market, Mayfair-based concerns such as Gina Davies.

Luton has gone a long way from the straw boater. That survives at A. E. Olney, the town's only company making boaters. Olney's trade is booming at home and for export.

In Luton you meet a few hat workers who "escaped" to Vauxhall and who will tell you that the industry is dead. But they still talk about Luton Town Football Club at "The Hatters" and wash their clothes at the Straw Hatter chain of coin-op laundries.

It was a sunny Sunday evening when I arrived in Luton. The only hats in sight in a busy town centre were on the heads of the Salvation Army bandsmen and songsters holding a service outside the Town Hall.

It did not look like a hatters' town. But talks for a few minutes with people such as Bagni and Woods and Deymann and you will know otherwise.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● MACHINE TOOLS

Horizontal press

DEVELOPED originally by Bristow Controls for swaging operations in its own factory, a 75-ton horizontal hydraulic press is now to be manufactured by the company for sale. It is suitable for any operation requiring high force with short stroke, says Bristow.

The press has an open top C frame fabricated from heavy steel plate with the press jaws operating at workbench height. Distance between jaws without tooling is 168 mm and the stroke is 50 mm.

Power is provided by a 3½ kW electric motor driving a dual-pump hydraulic system with a regenerative circuit to give rapid advance and retract. The complete cycle of advance, press and retract is stated to take 12 seconds.

Available also is a similar machine with a petrol engine driving a single high-pressure pump. The cycle time is longer, however.

Full details of the machine can be obtained from the company at Diplocks Way, Hailsham, Sussex BN27 3JF (0323 841510).

Cut steered by micro

THE LATEST Tubosec flame pipe cutting machine from Messer Griesheim makes use of a microprocessor to program and control accurate cuts in pipes up to 1200 mm in diameter.

The company maintains that many pipe processing shops still use manual flame cutting methods which, apart from giving inaccurate results consume a great deal of time and demand great skill and dexterity if quality is to be maintained. Probably some 1m tonnes of seamless and welded steel tubes are processed annually, giving some idea of the potential for more efficient cutting.

Pipes are placed horizontally on a support carriage and are turned by a three jaw chuck; the torch is guided in the axial and vertical directions, in suitable relationship to the rotation of the pipe, so that circumferential and mitre cuts, and holes in the pipe wall can be made. In the same way, and according to the microprocessor program, double mitre or multiple cuts for pipe junctions can be performed.

More from the company at Prospect Avenue, Seaton Delaval, Whitley Bay, Tyne and Wear, NE25 0DP (0632 480140).

● IN THE OFFICE

Plain paper copier

A NUMBER of small users in less specialised areas have not found it possible to justify the purchase of expensive reduction copiers and with this market in mind Nashua has introduced its high-speed plain paper reduction equipment which has the added facility of making copy size reductions up to 50 per cent smaller than originals.

The resulting specification, says the maker, is the 1250, which has a speed of 28 A4 copies per minute and handles any size original up to A3 and is suitable for copy usage in the range 2,000-30,000 copies per month.

It provides a first copy speed of four seconds, integrated electronics for automatic copy quality control, two-sided copying capability, a raised platen edge to protect book bindings, and dual paper cassettes for different paper sizes or uninterrupted high-speed A4 copying.

Further from the company at Cory House, Bracknel, Berkshire RG12 1ET (0344 54391).

● COMMUNICATIONS

Servicing over the phone lines

FOR SERVICE engineers, an annoying and perhaps costly aspect of dealing with intrinsically reliable equipment is that, since it goes wrong so infrequently, very little opportunity occurs of putting theory into practice. Indeed, the necessary knowledge may even be forgotten.

Machine tool manufacturer Giddings and Lewis-Fraser is tackling the problem by introducing a remote diagnostic service operated over telephone lines from a fully equipped central base at its Arbroath headquarters. Making use of equipment and technique developed by G and L in the U.S. and known as NEAT, the service is available to any new or existing user of production horizontals or machining centres with CNC800M or M/P 800 manual positioning servo control.

Experienced servicemen at the Arbroath base using the customer's control equipment cathode ray tube display as a "shop-talk" communication device to augment voice contact by telephone, can guide the user's maintenance man through the most comprehensive diagnostic procedures.

The base engineer can monitor the progress of these tests and check that the man on the site is following the direction he is giving. In addition, diagnostic tests can themselves be transmitted from the home base, thus covering the possibility that the customer has damaged or lost the diagnostic tape supplied with his control or where his maintenance man has failed to grasp, or has forgotten some critical part of his diagnostic training.

The company says that NEAT can be justified on the basis that the time required to repair the control of a single high capacity machine tool is crucial and is dependent on how long it takes for an experienced engineer to get down to the job of tracing the fault. A malfunction could be isolated through NEAT—down to the individual circuit board level—on a control hundreds of miles away, in less time than it would take a mobile serviceman to travel 25 miles.

Physical requirements are two telephone lines (one for voice and the other for data), a modem from the Post Office, the NEAT "briefcase" terminal and a spares kit for the control in question.

More from Giddings and Lewis-Fraser in Arbroath (0241 73811).

Underground radio for mines

DEVELOPED by the Chamber of Mines in South Africa is a radio communications system working at about 350kHz which is able to transmit through some hundreds of metres of solid rock and, linked to an integrated network, has a range of up to 20 km.

Manufacture is already under way and 100 of the units are in use in South African gold and coal mines.

There are several types of device. The SC100 is a portable transceiver weighing about 1 kg with an output of one watt and an aerial contained within the carrying harness. It offers two-way voice communication direct through rock over ranges up to 0.5 km, the absolute range being dependent on the local geology and also the presence of metallic lines or pipes which can act as conductors and re-radiators to increase the range to 3 km.

Base station SC200 uses a 30-metre loop matched to the radio by a manual tuning unit, yielding 30 dB more gain than the portable; it can be operated by a line-connected remote control unit up to 20 km away.

Considerable advantage can be taken of the presence of conductors such as power cables; for example, a range boost can occur when one portable is close to such a conductor which then radiates to a second nearby conductor, this in turn providing a field that can be picked up by a second portable.

Using a combination of on-site conductors, the portable transceiver can transmit to a suitably sited booster base-station which, in turn, can be linked to the surface control unit by means of a line. An experiment has been conducted to prove this ability, in which a number of base stations, situated on different levels of a mine, were interconnected using a two-wire telephone line and remotely controlled. The remote control point was on the surface and the base stations were 2,500 metres underground with a total line length of about 3,000 metres.

Free-ranging operators with portables were able to maintain a continuous communications link with the surface in this manner, their minimum transmission range from a base station being about 150 metres increasing to 1,000 metres along main haulage routes.

More from the Chamber of Mines of South Africa, 5, Hollard Street, Johannesburg.

● HANDLING

Tips with very little dust

FHD CONSTRUCTION of Slough has a fully-enclosed "Citidal" tipping machine which is intended for use with materials dust and fumes from which could create an envronmental hazard.

Citidal has two frames, one static and one moving. Both are constructed from hollow steel sections and the whole unit is completely enclosed by steel sheeting. Access is by means of a hinged door which must be securely closed for the machine to operate, the drum/container is securely held in the moving frame by a retaining bar and chain.

Power is supplied by a reversable geared braked motor and transmitted by one set of spur gears. After the door, which is interlocked to the electric motor, is closed the tilting movement can begin. A push-button start is fitted together with an emergency stop. The operating time of the protective tipper is 12 seconds per half cycle, the capacity being a 45-gallon or 225-litre drum/container. The tipper tilts the contents through an arc of 180 degrees to discharge the contents into a waiting vessel, container or hopper on a lower level.

There are facilities at the rear of the machine for connecting to dust filtration and collecting systems as well as fume extraction equipment. Applications include the tipping of dust, powders, sawdust, cement, fertiliser, refuse/waste and chemicals.

FHD Construction, 124A, Edinburgh Avenue, Trading Estate, Slough, Berks. Slough 28321.

● COMPUTERS

Collects and processes data on the move

A PORTABLE UNIT, comprising a small radio transceiver weighing about 6½ lbs, and a keyboard — the size of a cigar box — promises to be a useful addition to data collection and processing.

The Data Geet system uses an alpha numeric plug-in keyboard and data can be collected or received by the mobile unit (not mains operated and independent of wires and telephones) thus allowing a data dialogue over distances of up to 1,500 metres. Frequencies used are between 458.5 and 459.5 MHz and allocated to the user by the Home Office.

Developed by Geet (Gesellschaft fur Elektrische und Elektronische Technik mbH) in Germany, one of the biggest installations is now at Hamburg Docks where the movement of all transport and containers is controlled. It is also already in use in hospitals and by the police and is introduced to the UK by its sole distributor in this country, Westrex, 152, Coles Green Road, London NW2 7HE (01-452 5401).

Advantages offered by this multi-mobile system is that it makes dialogue possible with a central data store in situations that were hitherto not practical or possible. Data entered through the keyboard is recorded in blocks of 64 seven bit characters stored in the portable unit and on transmission radioed to the base terminal at a rate of 1,000 bits per second.

Radio contact with an EDP centre is said to be very advantageous, too, as it enables the user to bridge the distance between the area where the data is generated and the centre at which the data is processed and converted into usable, useful information.

Data is entered and shown on a liquid crystal display. Data sent by radio is less susceptible to interference than speech (obviating problems of dialogue, bad diction, etc.).

The specially developed transmission code ensures the recognition and reporting of up to two-bit errors per character and the automatic correction of one-bit error per character. The portable is notified of a successful block transmission by a single audible bleep. In the event of a two-bit error, the base station automatically polls the portable twice more, and if a transmission error status still exists the portable is notified by three audible bleeps.

The base station is equipped with a CCITT V24 interface for line transmission of data speeds of up to 4,800 bauds to and from the computer to the base for onward radio transmission to the portables.

A battery charging unit, capable of charging five portables simultaneously, completes the system, and each portable transceiver is equipped with an audible and visual battery discharge warning.

There would appear to be many applications for this mobile system, particularly in the wholesale trade for stocktaking and sorting in stores and on production lines in factories. It suggests advantages also in airports and seaports for traffic and cargo control, computerised freight handling, stock and inventory control and materials handling.

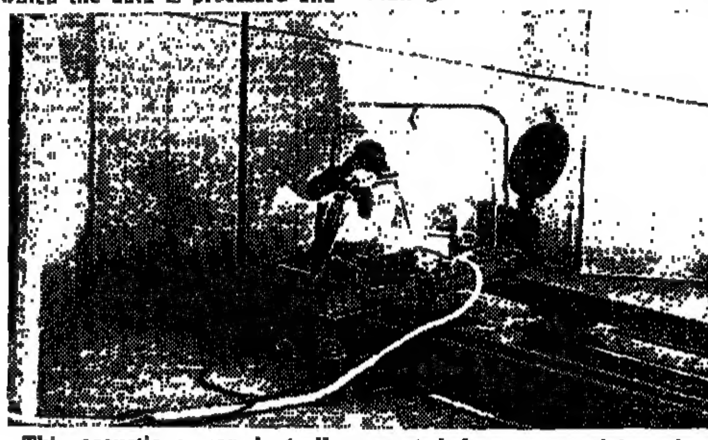
● SERVICES

Analysis of vibration

LAUNCHED BY Structural Dynamics of Southampton is a new service for the on-site measurement and analysis of all types of structural and vibratory problems.

The company says that the demand for the service has been created by the increasing concentration of machinery and plant within fabricated structures such as off-shore platforms, process plant and factory equipment. Oil platforms in particular have brought the interaction of vibratory behaviour and mechanical performance into sharp focus.

The new service, called Impact, can be used either as a tool for acceptance testing or applied on a trouble-shooting basis. First it defines potential or actual problems by comprehensive measurement of quantities such as pressure, speed, strain, temperature, bearing conditions and vibration levels. Then the problem is analysed, normally by computer-based dynamic analysis of vibratory behaviour. A solution is then proposed, for implementation either by the client or by Structural Dynamics. More from 18, Carlton Crescent Southampton SO1 ZET (0703 35811).



This acoustic screen is trolley-mounted for mobility and able to be used in a number of areas to reduce noise. Called Acousticscreen, it has a wheel-mounted stand with an upright to which the folding screens are permanently attached. The screens can be either single or double-banked, are constructed with an approximately 3 inch centre core of non-combustible and rot-proof sound absorption material, and when opened out are about 6½ ft high and up to 3 ft long. When placed at a distance of less than 10 ft from the noise source, it is said to cut down noise transmission beyond the screens by around 10 dB which is a reduction by half. Suggested applications are for fettling operations, sheet steel fabrication, factory maintenance, road works, etc. Acousticabs, Stonebow House, Stonebow, York, YO1 2NP (0904 36441).

LEGAL NOTICES

No. 002323 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of J. S. BEAGLEY LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 20th day of July 1978, presented to the said Court by A. GOMEZ & CO. LIMITED whose registered office is situate at D143-145, Fruit & Vegetable Market, New Covent Garden, S.W.8, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, WC2A 2LL on the 9th day of October 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

HERBERT OPPENHEIMER, NATHAN & VANDYK,
20, Copthall Avenue,
London EC2R 7JH
Ref: 71 KGO/JK.7861857
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm, and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 6th day of October 1978.

No. 002490 of 1978

In the HIGH COURT OF JUSTICE, Chancery Division Companies Court. In the Matter of ASSAGAI DESIGNS (DORKING) LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN that a Petition for the winding-up of the above-named Company by the High Court of Justice was, on the 7th day of August 1978, presented to the said Court by THE COMMISSIONERS OF CUSTOMS AND EXCISE of King's Beam House, 39-41 Mark Lane, London EC3R 7HE, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL on the 16th day of October 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing in person or by his Counsel for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

G. F. GLOAK,
King's Beam House,
39-41 Mark Lane,
London EC3R 7HE
Solicitor to the Petitioners

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on or send by post to the above-named, notice in writing of his intention so to do. The Notice must state the name and address of the person, or if a firm, the name and address of the firm, and must be signed by the person or firm, or his or their Solicitor (if any), and must be served, or if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon on the 13th day of October 1978.

No. 002507 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of AJAX SUPPLIES (WELLING) LIMITED and in the Matter of The Companies Act, 1948

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 8th day of August 1978, presented to the said Court by PHONODISC LIMITED whose registered office is situate at Abacus House, Gutter Lane, Cheapside, London, E.C.2, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, WC2A 2LL on the 16th day of October 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

POLLARDS,
55-59, Oxford Street,
London, W1R 1RD.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or if a firm, the name and address of the firm, and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 13th day of October 1978.

No. 002541 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of KINGSBURY SECURITIES LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 10th day of August 1978, presented to the said Court by MARTIN GLASS of 101 Walter Road, Swansea in the County of Glamorgan, Chartered Architect, and that the said petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, WC2A 2LL on the 16th day of October 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

AMERY PARKES & CO.,
Imperial House,
15/19, Kingsway,
London, WC2B 6UU.
Ref: WD/155901425
Tel: 01-836 8622
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm, and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 13th day of October 1978.

No. 002560 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of MINIATURE MACHINING COMPANY (MANUFACTURING) LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 11th day of August 1978, presented to the said Court by SIEBE GORMAN & COMPANY LIMITED of Leworth House, 14-18, Sheet Street, Windsor, Berkshire, SL4 1BG, manufacturers of diving and industrial safety equipment, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, WC2A 2LL on the 16th day of October 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

ASHURST, MORRIS, CRISP & CO.,
17, Throgmorton Avenue,
London, E.C.2.
Ref: CF/S557/19
Tel: 01-283 1070.
Solicitors for the Petitioner

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm, and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 13th day of October 1978.

CLUBS

EVE, 189, Regent Street. 734 0557. A la Carte or All-in Menu. Three Spectacular Floor Shows 10.45, 12.45 and 1.45 and music of Johnny Hawkesworth & Friends.

CONTRACTS AND TENDERS

TENDER ANNOUNCEMENT

The Government of The State of Qatar will shortly invite bids for the Main Construction Contract for the University of Qatar which is situated approximately 6 km north of Doha.

The University comprises approximately 73,000 square metres of low rise academic buildings of high quality located on a 14 hectare site.

The works will comprise:

Substructures, superstructures in precast and insitu concrete, precast concrete cladding, blockwalling, roof coverings, windows, door frames, drainage, underground ducts and general external works. The services, finishes and joinery works will be executed by Nominated Sub-contractors. All concrete and block and tile units will be supplied direct from the Government's concrete factory.

Interested firms wishing to participate in the contract must have substantial experience of high quality work in the Middle East, a successful record on major projects and must have an annual turnover of not less than QR 250,000,000. All such firms will be required to pre-qualify and only pre-qualified bidders will be invited to participate.

Applications to participate should be sent as soon as possible, but not later than 2nd September 1978, to:

The Technical Adviser to His Highness The Amir,
The Amir's Office,
P.O. Box 923,
Doha,
QATAR

The application must be accompanied by:—

1. List of completed projects quoting value and date of completion.
2. List of current projects quoting value and percent of completion with contract completion date.
3. Complete financial statement (audited) for last five years.
4. Full details of incorporation of company, clarification of relationship of any proposed joint venture and name of local agency. Firms not supplying this information may be excluded from participating.

It is the intention to invite bids from a select list of pre-qualified bidders on or about 1st November 1978.

Documents will then be available at The Amir's office to the pre-qualified bidders, price QR 15,000 for each tender.

The tender period will be 8 weeks, tenders will be valid for 90 days and tender and performance bonds will be required.

The contract period will be approximately three and a half years and the contract will be fixed price.

Democratic and Popular Republic of Algeria

MINISTRY OF FINANCE
BANQUE CENTRALE D'ALGERIE
INTERNATIONAL INVITATION FOR
THE PRESELECTION OF COMPANIES

For its printing plant, the Banque Centrale d'Algérie plans to acquire a complete installation for the recovery of trichlorethylene (liquid and steam).

For the completion of this work, the Banque Centrale d'Algérie will pre-select qualified companies.

The total quantity of trichlorethylene to be treated is approximately 200 kg per day.

The realisation of this work will include the study as well as the putting into operation of the installation and supply of materials.

Interested companies should send their applications together with references before September 30, 1978 to the following address:

BANQUE CENTRALE D'ALGERIE
IMPRIMERIE
10, rue des Fusillés du 17 mai 1957
ALGIERS
ALGERIA

Democratic and Popular Republic of Algeria

MINISTRY OF FINANCE
BANQUE CENTRALE D'ALGERIE
INTERNATIONAL INVITATION FOR
THE PRESELECTION OF COMPANIES

The Banque Centrale d'Algérie plans to acquire a complete air-conditioning installation (strict control of temperature and humidity) for its printing plant in Algiers.

For the completion of this work, the Banque Centrale d'Algérie will preselect qualified companies.
The total volume of the premises involved is 10,000 cubic metres.

The realisation of this work will include the study as well as the putting into operation of the installation, and supply of materials.

Interested companies should send their applications together with references before September 30, 1978 to the following address:

BANQUE CENTRALE D'ALGERIE
IMPRIMERIE
10, rue des Fusillés du 17 mai 1957
ALGIERS
ALGERIA

LEGAL NOTICES

No. 002554 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of CHELMLINE LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 14th day of August 1978, presented to the said Court by PALMER AND HARVEY LIMITED whose registered office is situate at 43, New North Road, London, N1 6JD, Wholesale Tobacconists and Confectioners, a Creditor of the above named Company, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, WC2A 2LL on the 16th day of October 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose, and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

ASHLEY KALMS TRAVELL & CO.,
58, London Road,
Southend on Sea,
Essex, SS1 1QQ.
Ref: DW/RD/KT/480
Tel: (0702) 354455.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm, and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 13th day of October 1978.

No. 002643 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of SUEFERN LIMITED and in the Matter of THE COMPANIES ACTS 1948 to 1967.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 21st day of August 1978, presented to the said Court by THE SECRETARY OF STATE FOR TRADE of 1, Victoria Street, London, S.W.1, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, WC2A 2LL on the 16th day of October 1978 and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

TREASURY SOLICITOR,
Matthew Parker Street,
London, S.W.1.
Solicitor for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 13th day of October 1978.

PUBLIC NOTICES

BIRMINGHAM COUNCIL BILLS

The £6m ninety-one day Bills were issued today with maturity on the 23rd November, 1978. Applications totalled £39m. The minimum price accepted was £97.761%. The average rate of discount was 8.9646%. The total Bills outstanding is £20m.

ART GALLERIES

FIELDBOURNE GALLERIES, 63, Queen's Grove, St. John's Wood. 586 3600. LANDSCAPES by Royal Academicians. MARBLE Carvings YOMA SASBURGH.

FINE ART SOCIETY, 148, New Bond St., W.1. 01-629 5116. SUMMER EXHIBITION.

MALL GALLERIES, The Mall, S.W.1. UNITED SOCIETY OF ARTISTS ANNUAL EXHIBITION. Mon.-Fri. 10-5. Sat. 10-1. Sun. 10-5. Until Aug. 31st. Adm. 20p.

MALL GALLERIES, The Mall, S.W.1. A Special Exhibition of works by the members of the ROYAL INSTITUTE OF PAINTERS IN WATERCOLOURS. Mon.-Fri. 10-5. Sats. 10-1. Until 31st Aug. Closed 26th to 28th Aug. Adm. free.

THE MARKET PLACE GALLERY, COLYTON, DEVON. Telephone (0297) 52841. Until 31st August Westcountry Landscapes and Seascapes. Oil Paintings by Tristam Hillier, R.A., and Watercolours by Charles Knight, R.W.S., and 19 other artists—many works under £50, including etchings, etc. Gallery open 11 to 1 and 2.30 to 5. Monday to Saturday. Closed Wednesday afternoons.

OMELL GALLERIES. Fine British and French MODERN DRAWINGS and Modern British MARITIME PICTURES. 42, Albemarle Street, Piccadilly, W.1.

COMPANY NOTICES

SOCIÉTÉ CIVILE DES PROPRIÉTAIRES D'OBLIGATIONS
7½% 1977-1982 de US $ 1.000
de la BANQUE NATIONALE DE PARIS
(hereafter referred to as "Société Civile")
Siège social: 16, boulevard des Italiens, 75009 PARIS

CONVENING NOTICE

The general meeting of holders of the US $ 1.000 floating rate notes, due 1982, representing the US $ 50 million loan which was issued outside France by the BANQUE NATIONALE DE PARIS, is hereby convened in accordance with the articles of association and article 314 of the law no 66.537 dated July 24, 1966, on 20 September 1978, at 2.30 p.m., in Paris, 8, rue de Sofia, in order to deal with the following agenda:

1. Confirmation of the appointment of the first two Directors of the "Société Civile".
2. Designation of the place where the attendance register, the minutes of the meeting and its appendices are to be deposited.

In order to attend or to be represented at the meeting, bondholders must, at least five days before the date fixed for the meeting, deposit their bonds with the banks and other establishments which took part in the placing of the issue: these establishments will provide them with proxy forms in French.

Board of directors
BANQUE NATIONALE DE PARIS

SOCIÉTÉ CIVILE DES PROPRIÉTAIRES D'OBLIGATIONS
à taux d'intérêt variable Janvier 1977-1983 de US $ 1.000
de la BANQUE NATIONALE DE PARIS
(hereafter referred to as "Société Civile")
Siège social: 16, boulevard des Italiens, 75009 PARIS

CONVENING NOTICE

The general meeting of holders of the US $ 1.000 floating rate notes, due 1983, representing the US $ 70 million loan which was issued outside France by the BANQUE NATIONALE DE PARIS, is hereby convened in accordance with the articles of association and article 314 of the law no 66.537 dated July 24, 1966, on 20 September 1978, at 2 p.m., in Paris, 8, rue de Sofia, in order to deal with the following agenda:

1. Confirmation of the appointment of the first two Directors of the "Société Civile".
2. Designation of the place where the attendance register, the minutes of the meeting and its appendices are to be deposited.

In order to attend or to be represented at the meeting, bondholders must, at least five days before the date fixed for the meeting, deposit their bonds with the banks and other establishments which took part in the placing of the issue: these establishments will provide them with proxy forms in French.

Board of directors
BANQUE NATIONALE DE PARIS

SOCIÉTÉ CIVILE DES PROPRIÉTAIRES D'OBLIGATIONS
à taux d'intérêt variable Février 1978-1984 de US $ 1.000
de la BANQUE NATIONALE DE PARIS
(hereafter referred to as "Société Civile")
Siège social: 16, boulevard des Italiens, 75009 PARIS

CONVENING NOTICE

The general meeting of holders of the US $ 1.000 floating rate notes, due 1984, representing the US $ 75 million loan which was issued outside France by the BANQUE NATIONALE DE PARIS, is hereby convened in accordance with the articles of association and article 314 of the law no 66.537 dated July 24, 1966, on 20 September 1978, at 3 p.m., in Paris, 8, rue de Sofia, in order to deal with the following agenda:

1. Confirmation of the appointment of the first two Directors of the "Société Civile".
2. Designation of the place where the attendance register, the minutes of the meeting and its appendices are to be deposited.

In order to attend or to be represented at the meeting, bondholders must, at least five days before the date fixed for the meeting, deposit their bonds with the banks and other establishments which took part in the placing of the issue: these establishments will provide them with proxy forms in French.

Board of directors
BANQUE NATIONALE DE PARIS

هكذا من الاصل

A British publicly quoted medium sized Company (T.O. £40m) with Wholesale and Retail interests in the leisure industries requires a

Financial Controller

This is an exciting opportunity brought about by the rapid expansion of this well-known group and its substantial Retail and Wholesale interests. A high level of professional and managerial ability is required to reorganise and consolidate the financial management of the group. There is an excellent career potential within this widespread group in both financial and general management for an industrially minded and thoroughly reliable financial executive.
Substantial Retail and/or Wholesale financial management experience is essential—early availability desirable.

West London Age 35-45 Salary c. £15,000 + car

Applicants who match these requirements should telephone quoting Ref: CW with a view to attending an early interview.

Robin R Whalley
INTERNATIONAL APPOINTMENTS (LONDON) LTD
(Executive Recruitment Consultants) | Telephone: 01-629 6867/8
Calder House, 1, Dover Street, London W1X 3PJ. | Cable: Interappt. London W.1.
Licensed in the United Kingdom in accordance with the Employment Agencies Act 1973 No. SE(A) 1416

DEVELOPMENT ACCOUNTANT
International Bank

Overseas c £8000 + major benefits

In conjunction with the worldwide expansion of its activities, our client is offering a unique opportunity for an accountant to assist in the establishment of new bank branches overseas.

Travelling on assignment in Europe, the Far East and South America, responsibilities will include the design and installation of management information systems, developing operation procedures and controls and staff recruitment.

Aged 24-27, the ideal candidate (male or female) is likely to be a graduate qualified accountant and systems or audit experience gained in banking or finance will be particularly relevant.

This challenging and demanding appointment, involving considerable travel, commands an attractive salary together with a comprehensive range of fringe benefits which include profit sharing, low interest mortgage facilities, accommodation and home leave allowances.

Please telephone or write to David Hogg ACA quoting reference 1/1726.

EMA Management Personnel Ltd.
Burne House, 88/89 High Holborn, London, WC1V 6LR
Telephone: 01-242 7773

Portfolio Management

A leading City merchant bank with a large and expanding investment business wishes to recruit an additional member for its investment management team and is looking for a young man or woman, aged 25-30, with several years investment experience, gained in an investment management organisation, or a stockbrokers office.

It is essential that the successful candidate has a reasonable knowledge of all aspects of investment, including some security administration. An accountancy, economics or statistical qualification would be an advantage, but not essential.

Applicants should write giving details of age and past experience, stating the names of any organisations to whom the application should not be forwarded.

J. D. Vine, Account Director. (CRS/65)
Lockyer, Bradshaw & Wilson Limited,
North West House,
119/127 Marylebone Road, London NW1 5PU.

LBW
LOCKYER, BRADSHAW & WILSON LIMITED

INTERNATIONAL INVESTMENT MANAGEMENT

We are looking for an individual with a broad understanding of the major fixed interest and equity markets.

The successful applicant will report to the Assistant General Manager, Capital Markets Division, and will be involved in the monitoring of clients' investments and the submission of proposals and advice.

Applicants should have a flair for reading market trends in the securities markets and a basic understanding of the foreign exchange markets.

A working knowledge of German or French would be an advantage.

Further details of the appointment can be obtained from Mr. J. E. G. Lundqvist (telephone 01-709 0565).

An excellent salary will be offered, as well as fringe benefits appropriate to banking, which include non-contributory pension scheme and house loans at concessionary rates.

Applications with full C.V. should be sent to:—

H. E. CHILD, M.B.E., Personnel Manager,
Scandinavian Bank Ltd.,
36 Leadenhall Street, LONDON EC3A 1BH.

FX CLERK
£4,000 +
Ring Mr. Robson,
C.B. PERSONNEL CONSULTANTS,
01-493 5641.

Finance and Contracts Management

Vosper Thornycroft (UK) Limited is a world-leader in the design and development of sophisticated surface warships and support services. As well as MOD contracts, a large proportion of its sales and services (turnover about £100m) relates to overseas contracts. Many are of considerable size and span several years from enquiry to completion.

General Manager—Finance
You will report to, and be Deputy for, the Finance Director and be responsible for the management of the accounting function.
A qualified accountant, you must have several years' experience in industry, preferably heavy engineering. It is unlikely that you are under the age of 35 and earning less than £9,000 pa. *Reference PD/08/01F.*

Contracts Finance Manager
You will report to the General Manager—Group Contracts and be responsible for the acquisition of finance and the administration of the Company's Credit Insurance Policies for Export Contracts. This senior post carries considerable responsibility and requires the ability to work in close co-operation with others at a senior level both within the Company and in Government departments and financial institutions. Limited overseas travel is involved.

Aged between 30 and 40, you are currently earning around £7,000, literate and numerate, and have experience of credit insurance and financing of capital goods contracts in export markets. *Reference PD/08/02F.*
Benefits include competitive salaries, company car, pension and life assurance, BUPA, and generous relocation arrangements.
Please send full career details, quoting appropriate reference, to: Personnel Director, Vosper Thornycroft (UK) Ltd, Fareham House, East Street, Fareham, Hants.

Gulf
BUSINESS ANALYSTS
West End of London.

Gulf Oil Company – International, the European Refining & Marketing Division of Gulf Oil Corporation, has a number of interesting vacancies for Business Analysts in its Financial Management group. The duties involve the provision of financial management services to London-based operating management and include the review and analysis of budgets, business plans and capital projects.

Candidates should have gained a minimum of three years experience in a major industrial/commercial concern in a role that has involved a high level of analytical ability and senior management contact. They will probably possess either an M.B.A. or a professional accounting qualification and are unlikely to be earning less than £7,000 per annum.

If you would like to be considered for one of these appointments please write, giving brief details of age, education, job history and current salary to:—

Mr. M. J. Thompson,
Gulf Oil Company - Eastern Hemisphere,
Gulf House,
2, Portman Street,
London, W1H 0AN.
Tel. No: 01-493 8040 (Ext. 3389)

Applications will be handled promptly and in complete confidence.

DIRECTOR OF LENDING HONG KONG
£20,000

EAL

Expanding Far East Merchant Bank with substantial capital resources and excellent reputation intends to recruit a Director of Lending. Salary negotiable to £20,000 (equivalent) plus free accommodation and significant financial benefits.

Candidates, aged 35-45, will have broad international lending experience and currently be working at or near board level. They must be able to command the respect of an existing high calibre team. (PW.486)

Candidates should write briefly and in confidence to the Managing Director, Executive Appointments Limited, 18 Grosvenor Street, London W.1, quoting reference. No identities divulged without permission.

Caribbean
Financial Director
Negotiable Salary + benefits

Our Client is a long established and successful private company based in Kingston, Jamaica. Its interests cover a broad spectrum of engineering including construction, fabrication and agenting. Reporting directly to the Chairman, the successful candidate will be expected to play a vital role in controlling the total financial affairs of the business including advising on the next phase of the company's development programme. Candidates aged 30-45 will be qualified accountants, preferably ACA with a number of years industrial experience, some gained within an overseas appointment. This permanent position offers substantial benefits including generous annual paid leave to the UK.

G. Sable, Ref: 29172/FT.
Please telephone in confidence for a Personal History Form to:
MANCHESTER: 061-236 8981, *Sun Life House, 3 Charlotte Street, M1 4HB.*

Hoggett Bowers
Executive Selection Consultants
BIRMINGHAM, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE and SHEFFIELD

Assistant to Group Treasurer

Richard Costain Limited is a major International Contracting Group operating in the UK and overseas. We now require an additional Assistant to our Group Treasurer, who should be aged about 23-28, ideally bank trained and possessing a good all round knowledge of documentary Letters of Credit and Exchange Control, with particular reference to Overseas Investment and Contract Remittances. This is a challenging role that will appeal to a person who is determined to succeed within a stimulating environment.
A realistic salary will reflect ability and experience in addition to which there are excellent benefits and conditions of employment.
Please write with brief, but sufficient career details to:

COSTAIN
Mr. M. Clarke
Personnel Manager
Richard Costain Limited
111 Westminster Bridge Road
London, SE1 7UE.

GILT-EDGED EXECUTIVE

An expanding Gilt-Edged Department requires an experienced Executive to assist with the servicing of new and existing institutional clients. An actuarial or mathematical background is preferred.

Applications in strict confidence to:
The Manager
CAZENOVE & CO.
12, Tokenhouse Yard, London EC2R 7AN
01-588 2828

Auslandsemissionsgeschäft Dokumentation
Euro-Bonds, Private Placements

Wir suchen für den weiteren Ausbau des Auslandsemissionsgeschäfts einen verantwortlichen Mitarbeiter. Der Bewerber sollte das im Zusammenhang mit der Begebung von Euro-Emissionen (Euro-DM Public Issues and Private Placements) anfallende Vertragswerk beherrschen bzw. in der Lage sein, die damit verbundene Dokumentationsarbeit selbständig vorzubereiten und abzuwickeln.

Eine mehrjährige Tätigkeit in diesem Bereich bei einer Geschäftsbank, einem Emissionshaus oder einer entsprechenden Anwaltsfirma wäre die ideale Voraussetzung.

Für die mit dieser Aufgabe verbundenen Verhandlungen und Vertragsgestaltungen sind gute englische und deutsche Sprachkenntnisse sowie juristisches Verständnis erforderlich. Es handelt sich um eine verantwortungsvolle Position, die entwicklungsfähig ist.

Die Bezahlung richtet sich nach der Qualifikation des Bewerbers und der Bedeutung der Aufgabe.

Bewerbungen mit aussagekräftigen Unterlagen sind zu richten an:
Bayerische Landesbank Girozentrale, Personalabteilung, Brienner Straße 20, 8000 München 2, West Germany.

Accountancy/ Bookkeeping
Salaries £2,000–£8,000+
Just ring, write or call for one of our
Free Lists
of vacancies (Please quote list ref.)
Commerce & Industry (UK/O'seas)
List MF100 £4,500–15,000
Part-qualified/Experienced
List OF50 £2,000–£5,000
The Profession (UK/O'seas)
List PF100 £2,000–£8,000
Richard Owen Associates (Staff Agency) 56 Bishopsgate EC2P 6EL
Tel: 01-638 3833 24 hours

NEWLY QUALIFIED ACCOUNTANCY APPOINTMENTS
21st September

The Financial Times proposes publishing three pages of Newly Qualified Accountancy Appointments on 21st September following the publication of the results of the Finals Examinations.

If you are expecting to qualify, the Financial Times intends to publish the widest possible range of opportunities open to you.

If you are recruiting "Newly Qualifieds" the advantages of advertising in the Financial Times are considerable—the cost is £14 per single column centimetre—copy can be accepted until the day before publication—and the Financial Times has established an enviable reputation in this field.

For further details, including reprints of previous features, contact:
James Jarratt
on 01-248 4601 (direct line)
or 01-248 8000 ext. 588

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

Reed Executive
The Specialists in Executive and Management Selection

Finance Director (Designate)

Dublin to £10,500 + car

Vertical expansion to maintain competitive activity has created this position within a new Division of a well-respected, private Group involved in passenger transport operations. Reporting to the local Managing Director and the U.K. Main Board, you will be responsible for initial systems implementation, establishing and maintaining management information and control procedures, development planning and forecasting together with support and advice on financial matters to other senior management. Candidates should be qualified Accountants between 30 and 40, with proven management ability in a manufacturing environment and prepared to contribute fully to Company development. Removal expenses are available as required.

Telephone 021-643 7226 (24 hr. service) quoting Ref: 1463/FT. Reed Executive Selection Limited, 6th Floor, The Rotunda, Birmingham B2 4PB.

The above vacancy is open to both male and female candidates.
London Birmingham Manchester Leeds

Jonathan Wren · Banking Appointments
The personnel consultancy dealing exclusively with the banking profession

CORPORATE FINANCE £10,000+

Our client, a merchant bank with a first-class and long-standing international reputation, seeks an additional executive to work within the Corporate Finance Department of its London Office.
The successful candidate, aged 26–31, will be involved in developing the bank's activity in London, with particular reference to the provision of advice to major corporate clients in the field of international financing and currency management. The post demands a high degree of personal motivation and flair, coupled with a minimum of 3 years experience within an international merchant banking environment. A good working knowledge of at least one European language would be a great asset.
The right candidate will find that this opening offers very considerable growth potential.

CONTACT: Richard Meredith or Ken Anderson

CAREERS IN BANKING

Jonathan Wren & Co. is the leading and longest established consultancy specialising in banking appointments. Our assignments include senior and middle management appointments in all specialist areas of banking, in addition to a wide range of junior and senior clerical positions.
Our consultants are currently handling a total of over 300 vacancies; obviously only a small number of these can be advertised. If you are looking to further your career in banking but do not see a suitable appointment in our regular advertisements, you are nonetheless welcome to telephone Ken Anderson, or any of our consultants, to discuss your requirements.

170 Bishopsgate London EC2M 4LX. 01-623 1266/7/8/9

Merchant Banker for Hong Kong

Hill Samuel & Co. Limited is expanding its activities internationally and as a result, an opportunity has arisen for a three year tour in our subsidiary in Hong Kong.

Applicants should have had several years of experience in finance, preferably in the corporate finance department of a merchant bank. In addition they must be able to demonstrate initiative, self motivation in a small team, sound commercial judgement and a high degree of analytical ability. The right person will probably be 26 to 34 years of age, will be a graduate or full member of a professional society and, preferably, will have gained a post graduate qualification such as an MBA.

The successful applicant will spend approximately six months in London before taking up this appointment in mid 1979.

An excellent salary together with other major fringe benefits including free accommodation, 6 weeks annual home leave with fares paid and a non-contributory pension will be provided.

Please write with full career details as soon as possible to:

R. C. G. Gardner, Chief Personnel Officer,
Hill Samuel & Co. Limited,
100 Wood Street, London EC2P 2AJ.

HS

All applications will be treated in the strictest confidence.

Project lending officers for the Middle East

We are anxious to identify highly skilled lending officers who will analyse, recommend, negotiate and administer long term, low interest loans which will contribute to the financing of private sector economic development in one of the largest oil producing states in the Arab World.

Their expertise, which must be international, will cover the analysis of proposed projects, their technical and market feasibility, the preparation of loan proposals and the negotiation of agreements. They will also be expected to administer existing investments and to provide recommendations to improve the performance of project companies.

The required background would include a university degree followed by credit training in an established financial institution and a minimum of two years lending experience with a commercial, merchant or development bank. As the officers will be based in a Middle Eastern capital, they should expect the hard work and challenge of a stimulating appointment with a tax-free salary and benefits generously calculated to compensate for a 2-3 years overseas posting. Candidates must be fluent in English.

Please send full details of career background and telephone number which will be treated in confidence to:

Box 2151, Gould and Portmans Ltd., Caroline House, 55-57 High Holborn, London, WC1V 6DX, England.

Chief Accountant

Mayfair

c.£8,000 + car & bonus.

A service-based public group, turnover £5m, with market leadership in its sector seeks a qualified accountant to head a small team covering the accounting and EDP functions. The post reports to the Financial Director. There is particular scope for contribution in information systems development and staff training.

Candidates should be qualified accountants or ACIS, aged 27-33 or say 40-55. Prospects for either group will be good (but different). Experience of staff management, performance reporting, pure accounting and EDP systems is essential.

For a fuller job description write to John Courtis & Partners Ltd., Selection Consultants, 78 Wigmore Street, London, W1H 9DQ., demonstrating your relevance briefly but explicitly, and quoting reference 7019/FT. This is an equal opportunity appointment.

JC&P

FINANCIAL DIRECTOR DESIGNATE

LONDON **c.£9,000**

For fast expanding unquoted public company operating in a diversity of computer oriented activities both in the U.K. and overseas.

The ideal candidate is a qualified accountant, early 30s with at least five years' experience in industry or commerce and well versed in management accounting techniques. The position reports directly to the chief executive of the group.

Salary circa £9,000 plus car and usual fringe benefits.

Replies, with curriculum vitae, to:—

Maidment Posner Consultants,
78, Wimpole Street,
London, W.1.
Reference CS4.

PUBLIC ENTERPRISE: RESEARCH/CONSULTING

An entrepreneurial economist with practical experience relevant to studies of public enterprise in an international context is required to join a small growing unit of a major consulting group.

He or she will be interested in helping to build upon a series of studies for international institutions and government bodies extending the scope of the research through assignments and work on a regular publication.

The unit also undertakes assignments in manpower and employment policy. The successful candidate will be interested and capable of taking commercial as well as professional responsibility and be concerned with the further development of the practice—both in terms of the utility of the work undertaken and of personal reward.

The conditions of employment are attractive. Salary will be negotiable depending upon ability and experience.

For further details telephone or write to:

William Keyser or Tim Sharp at
METRA OXFORD CONSULTING
Kennington Road, Kennington, Oxford OX1 5PZ
(Tel: Oxford 730701)

INVESTMENT MANAGER

Fidelity Management are seeking an experienced *Investment Manager for its London Office.* An opportunity arises for a man or woman who has had several years' solid experience of managing internationally diversified portfolios on behalf of institutions. Specific responsibilities will include coverage of the major Continental European markets with special emphasis upon equities. This is an opportunity to join a major investment management firm at an exciting time in the development of its international business. An attractive compensation package to include salary, bonus, pension and other fringes is wide open to negotiation.

Applications, which will be treated with the strictest confidence, should be submitted to:—

Jim Tonner,
Fidelity Management & Research (U.K.) Ltd.,
64 Cannon Street, London, E.C.4.
(Tel: 01-248 4891.)

WM

WOOD, MACKENZIE & CO.

Members of the Stock Exchange.

INVESTMENT ANALYSTS

Vacancies for investment analysts have arisen in our established Research Department in the *following areas of specialist* sector coverage:–

INVESTMENT TRUSTS
COMPOSITE INSURANCE

Experience in the respective industries or as an analyst covering the financial sector would be suitable but we are willing to consider persons with a more general background in investment analysis.

In addition to a fully competitive salary the firm operates profit related bonus, contributory pension scheme and luncheon vouchers.

Location will be with the existing Research Department in Edinburgh.

For further information write or telephone for an application form to:–

Mrs. A. G. Fisher, Personnel Administrator,
Wood, Mackenzie & Co., Erskine House, 68–73 Queen Street,
Edinburgh, EH2 4NS.
Tel: 031-226-4141

GENERAL MANAGER FOR SAUDI INVESTMENT COMPANY

Basic compensation U.S.$50,000 p.a. tax-free, plus usual other benefits

Incorporated earlier this year by prominent Saudi businessmen and investors, the company seeks an experienced banker to develop its potential. The company will collaborate closely with an international bank in which it is a shareholder. The General Manager will be fully responsible for the development of all activities, including:

- **—financial and investment advice;**
- **—identification and development of viable projects in the private sector;**
- **—marketing and promotion of sound financing proposals.**

The ideal candidate would be in the 30-45 age group, resourceful and marketing-oriented. In addition to a sound knowlege of banking operations, experience in international banking is essential. Previous residence in Arab countries is desirable but not essential. The candidate's interpersonal skills will be decisive.

All applications will be treated in strict confidence and should be addressed to:

Box A.6447, Financial Times, 10, Cannon Street, EC4P 4BY.

COMMERCIAL LAWYER

A successful and expanding London-based International Merchant Bank requires a Commercial Lawyer to head its Legal Department.

This is a Senior Executive appointment which will suit a lawyer with imagination and a flair for commerce. The successful applicant will have a professional background and a thorough understanding of mergers, acquisitions and corporate reorganisations, Stock Exchange and Exchange Control regulations, general company and banking law and corporate lending. Some tax and/or shipping experience would be an advantage.

The appointee's primary responsibilities will be to advise the bank's Corporate Services department and to help structure deals and transactions. He or she will also be required to recruit a legal assistant for drafting and litigation work.

This appointment offers an exciting opportunity for the right person, with generous salary and a comprehensive range of benefits.

Please reply, in confidence, to Box A.6448, Financial Times, 10, Cannon Street, EC4P 4BY.

OVERSEAS DEVELOPMENT

KNOW-HOW: vital to developing countries

Chief Accountant — *Ghana*

For Farmers Services Company. To be responsible for budget preparation; stores management control; company borrowing and investment policies; maintaining relations with external financial agencies; preparing company financial statistical and analysis reports, accounting procedures, cost accounting and cost retrieval system. Applicants should be qualified Chartered Accountants with at least 10 years successful experience in *commercial organisation* (*experience in* retail distribution company also important). They should be able to demonstrate proven ability to establish, operate and maintain company accounting and management systems, and also to be good administrators. Age over 35.

Appointment 3 years. Salary to be arranged plus variable tax free overseas allowance in range £3,030-£6,490 p.a. (Ref. 328 D).

The post is wholly financed by the British Government under Britain's programme of aid to the developing countries. In addition to basic salary and overseas allowances other benefits normally include paid leave, free family passages, children's education allowances and holiday visits, free accommodation and medical attention. Applicants should be citizens of the United Kingdom.

For full details and application form please apply, quoting reference stating post concerned, and giving details of age, qualification and experience to:—

Appointments Officer,
MINISTRY OF OVERSEAS DEVELOPMENT,
Room 301, Eland House,
Stag Place, London SW1E 5DH.

ODM

HELPING NATIONS HELP THEMSELVES

Administrative Manager

International Bank **£7000+benefits**

As a result of promotion an opening has occurred for an experienced Clearing Banker, ideally aged in his/her 30's with sound background of accounting procedures.

The essential requirements for this appointment are previous supervisory experience and a thorough understanding of the day to day functions of a bank.

Our client based in the West End, has a very impressive growth record in the U.K. and therefore this position will only be of interest to those who enjoy hard work, responsibility and seek a rewarding career.

In the first instance please write or telephone Yvonne Emmerson-Fish, Ref. 1338.

Lloyd Chapman Associates
123, New Bond Street, London W1Y OHR 01-499 7761

GROUP COMPANY SECRETARY (DESIGNATE)

Trident Television Limited, parent company of Yorkshire Television, Tyne Tees Television and other companies mostly in the leisure industry, require a Group Company Secretary Designate to operate from their London headquarters.

The successful candidate will be around the middle thirties with a University degree and a professional qualification, preferably in law.

Salary and other conditions of service by negotiation. Applications (with full curriculum vitae) to:

Alan Leighton Davis, Trident Television Limited,
Trident House, Brooks Mews, London W1Y 2PN.

Trident Television Limited

ROYAL NATIONAL INSTITUTE FOR THE BLIND
Chief Accountant

Our Chief Accountant *is retiring* and we invite applications from professionally qualified accountants (male or female), preferably chartered, aged 30-45, with some years of professional, commercial or charitable experience, for this very important post.

A practical knowledge of modern accounting methods and techniques together with the capacity for leadership and control of a staff of 24 is essential. Salary negotiable with excellent future prospects. Good pension scheme with transferability.

Applications, marked "Private and Confidential—Chief Accountant" should give full curriculum vitae together with details of present post and salary, and be sent to: The Finance Secretary, RNIB, 224 Great Portland Street, London W1N 6AA. Closing date 8th September 1978.

Candidates placed on short list for interview will be advised by the end of that month.

CORPORATE FINANCE

Standard Chartered Merchant Bank Limited, the United Kingdom merchant banking subsidiary of the world wide Standard Chartered Group, seeks to fill a position at Assistant Manager level which arises within its Corporate Finance Division.

Candidates should be Chartered Accountants and have some knowledge of corporate finance matters particularly in such areas as acquisitions, issues, and leasing. They would also be expected to have had at least two years post qualification experience in an appropriate field such as investigations, taxation, or stockbroking.

The position offers good remuneration and career prospects and possible opportunity to work overseas in future. Applications including a curriculum vitae should be submitted to The Personnel Manager, Standard Chartered Merchant Bank Limited, 33-36 Gracechurch Street, London EC3V 0AX.

INVESTMENT ANALYST

A leading firm of London stockbrokers wishes to expand its existing research coverage and seeks a further senior analyst to concentrate on the publishing, printing and paper sectors. The successful candidate must essentially have had several years' previous analytical experience and welcome an opportunity to develop a sector specialisation whilst working in close collaboration with our sales team.

He or she will be expected to maintain extensive contracts within the industries concerned and among financial institutions and will be given considerable freedom to exercise initiative. A competitive salary and incentive scheme participation will be paid and those who can meet our requirements should write, giving full details of experience, in confidence, to Box A.6450, Financial Times, 10, Cannon Street, EC4P 4BY.

MATURE CHIEF ACCOUNTANT

City

c. £7,000 + Car + Benefits

A major international group (T'over £300m) has retained us to recruit a mature accountant (not necessarily qualified), under 45, as Controller of its UK commodity and freight companies.

You will be responsible for 20 staff and all accounting and reporting procedures, with particular emphasis on systems development and improved communications with senior management, and have the technical competence to assist the Finance Director.

Please contact Peter Wilson, FCA, at Management Appointments Limited, Albemarle House, 1 Albemarle Street, London, W.1. (01-499 4879).

SENIOR EXECUTIVES

If you are in the job market now we are here to help. Our clients don't wait for that magic advertisement to appear—with the aid of experienced counselling and the use of our promotional services they get there first.

Percy COUTTS & Co.
01-839 2271

140 Grand Buildings, Trafalgar Square, London WC2.
Not an agency but Europe's most experienced job search organisation.

UNIVERSITY OF GLASGOW
RESEARCH IN ACCOUNTING

Applications are invited from suitably qualified graduates for admission in October, 1979 to undertake a programme of study and research in accounting with a view to submission of a thesis for award of Ph.D.

There are vacancies for two students admitted to doctoral study to be appointed to temporary part-time teaching posts at a salary within the range of £1,941-£2,892 according to age and professional experience.

Applications on the prescribed form for admission to research study should be addressed, not later than 31 August 1978, to Mrs. A. E. Wilson, Faculty of Law, University of Glasgow, Glasgow, G12 8QQ, from whom further particulars may be obtained.

In reply please quote Ref. No. 4234AS.

APPOINTMENTS WANTED

CITY BANK OFFICIAL, 52, linguist, seeks position import / export / international banking. Present salary £8,500. Write Box A.6452, Financial Times, 10, Cannon Street, EC4P 4BY.

FINANCIAL TIMES New Business Development Group

A vacancy exists in the Advertising Department of the Financial Times within the New Business Development Group.

We are looking for someone who is interested in company communications, and who has a knowledge of economic affairs and the industrial scene.

A large part of the applicants time will be spent visiting companies at a senior level and discussing their activities and marketing policies. The job therefore requires an aptitude to identify and research the problems of an industry or company and present a reasoned case for improving communication lines with the use of advertising. Whilst experience in advertising is not absolutely necessary, any applicant should be familiar with the marketing scene or have undertaken written appraisals of companies in the past. Salary negotiable.

Applicants should write to Anthony Wreford at the Financial Times or ring him on 01-248 8000

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

GILT EDGED

Provincial Stockbrokers with facilities in London are looking for somebody with considerable experience in and a thorough knowledge of the Gilt Market.

The successful candidate will be responsible for creating and subsequently running a Gilt Edged operation to the highest professional standards.

A realistic budget will be allocated and the person chosen will be given a substantial degree of autonomy in selecting and building up the team.

The firm already has strong institutional connections—mainly with an equity bias—and advises a number of Pension Funds on a country-wide basis.

Write Box A.6451, Financial Times, 10, Cannon Street, EC4P 4BY.

JUNIOR EUROBOND DEALER

An international investment bank located in Mayfair area seeks a junior dealer with 6-12 months experience to operate in the field of Japanese convertible bonds. A knowledge of schweizer-deutsch will be an advantage. The salary envisaged will be around pds stg. 5,000 per annum, plus free buffet luncheon. Applications in writing to: Box A.6449, Financial Times, 10, Cannon Street, EC4P 4BY.

TILNEY & CO., Stockbrokers Require a

PERSONAL ASSISTANT

to a Partner in their Liverpool Office

The successful applicant will join the Research/Institutional department and will be involved in the study of company accounts and other financial and economic information, and will have ample scope for formulating opinions on market situations. Prospects for advancement are good.

Previous experience would be highly valued but the post may well suit a recently qualified or partly qualified banker or accountant, or a graduate with a financial degree.

The salary will depend on previous experience and ability but will be competitive. The firm has a non-contributory pension scheme.

Application in writing to:

J. Murphy, Manager,
TILNEY & CO., 385, *Sefton House,*
Exchange Buildings, Liverpool, L2 3RT

BANKING RECRUITMENT

£10,000 - £15,000

At least 35% of billings, a realistic advertising budget, your own *comfortable office in a prime central location* and a relatively free hand from an understanding working director. All this for an acknowledged expert with proven Banking experience and contacts. You may telephone David White on 01-405 5323 or write to him at:

DAVID WHITE ASSOCIATES LTD.
84, KINGSWAY, LONDON, W.C.2.

هكذا من الاصل

The Marketing Scene

CONSUMER ADVERTISING

The rise of the big retailers

BY MICHAEL WATERSON

ONE OF the most pronounced trends shown by the advertising expenditure statistics over the last decade has been the relative decline in manufacturers' consumer advertising and the apparently connected rise in advertising by retailers. The recent publication by the Advertising Association of the detailed 1977 statistics allows a reassessment of this situation, felt by many denizens of the advertising world to have reached a critical stage.

Whatever the rights and wrongs of the various arguments advanced for the "crisis in branding," it is clear that MCA expenditure has hardly constituted one of the fastest growing elements in the economy.

Indeed, as a percentage of GNP it has fallen rapidly since 1968, despite something of a recovery over the last two years. In 1968, MCA advertising was the equivalent of 0.63 per cent of GNP; by 1975 it had fallen to 0.41 per cent, although last year it recovered somewhat to 0.50 per cent.

Looked at another way, as a percentage of total advertising expenditure, the same broad picture of decline emerges—from 47.5 per cent of total advertising expenditure in 1968 to 40.9 per cent last year. In both sets of figures the cyclical nature of MCA expenditure is apparent, with occasional years where the overall downward trend appears to be reversed.

The widely-held view that this fall in expenditure has been reflected by the growth in market power and advertising expenditure of the major retailers appears to be confirmed by the AA figures in the table.

Retail advertising has grown much more rapidly since 1970 than any other AA category of expenditure. Although the AA figures are rather imperfect estimates of retail expenditure, since they include the residual of local advertising expenditure not identifiable as belonging to other sectors, it is thought that the growth shown is a reasonable reflection of reality.

It is interesting to note that those products not sold in quantity through the large retail chains, and therefore least likely to be influenced by the growth of retail advertising (automotive, savings and publishing) have indeed maintained a faster growth of advertising expenditure than manufacturer products sold mainly through the large retailers such as food, clothing, toiletries, cosmetics and drink and tobacco.

The correlation could hardly be called exact, and does, of course, differ depending on which years are chosen for comparison, but it does provide circumstantial evidence to support the theory that retail advertising has to some extent replaced direct product or brand advertising.

Having reached this general conclusion, however, a detailed examination of the most recent data leads to a less certain appraisal of what the future may hold in store. For example, in 1977 retail advertising expenditure grew less rapidly than seven other product categories—household and leisure, publishing, automotive, savings, food and classified all experienced faster growth. A similar situation arose in 1976. It is apparent that the great gains made by retailer advertising took place before 1975, and a much more static picture emerges after that date.

What, then, of the future, for most data can be interpreted in a variety of ways? There are, perhaps, two main interpretations which can be put upon the trends in MCA and retail advertising expenditures over the past decade.

First, it is entirely possible that the last two years of relative resurgence in MCA expenditure simply demonstrate the greater cyclicality of MCA as against the now well-established steady growth of retail advertising, the latter being more a reflection of the fundamentally changing pattern of retailing than a response to current economic or market conditions.

Alternatively, one might suppose that although considerable changes have taken place in methods of retailing in recent years—in many cases necessitating greater advertising expenditure—the scale of retail advertising was so small 10 years ago that very rapid advances in advertising expenditure were almost to be expected. Given that many big retailers now outspend all but the very largest manufacturers, it may well be possible that the great expansion of retail advertising is over.

There is probably some truth in both views. However, much obviously depends on the view taken of what has happened to retailing over the last decade. Over almost all categories of retailing, very profound changes have taken place, of which the trend to smaller numbers of larger outlets is probably the most significant.

Retailers such as Asda, Boots, Comet, W. H. Smith and Allied Carpets, to name but a few, have either appeared on the streets from nowhere or have radically changed in terms of shop size and appearance over the last few years.

One almost universal need of the new style retailer has been to advertise—to tell customers of the advantages of the big "branded" shop as opposed to the smaller independent retailer selling similar goods. Expert opinion seems to favour the idea that this retail revolution is by no means finished.

Superstores, hypermarkets and giant shopping centres all continue to increase in number, despite problems in getting planning permission. The major chains are in many cases only part way through rationalising their stores in terms of size and placement, so that there seems every reason to expect continuing growth not only of bigger retail units but of more professionally managed units, and there is thus every chance that the use made of marketing techniques—including advertising—will continue to grow.

In conclusion, therefore, it is probable that the fundamental changes taking place in the world of retailing may lead to a continuing increase in advertising expenditure by retailers. On the other hand, no such important structural changes are likely in the manufacturing sector and there seems no reason to suppose that MCA expenditure will do other than continue its cyclical course, buffeted as always by the economic gales that are unlikely to cease arriving every three or four years.

ESTIMATED MEDIA EXPENDITURE BY PRODUCT GROUP, 1969-77

PRODUCT GROUP	£m MANUFACTURERS' CONSUMER ADVERTISING								REMAINDER							
	1970	1971	1972	1973	1974	1975	1976	1977	1970	1971	1972	1973	1974	1975	1976	1977
Food	62	70	82	88	81	89	112	144	—	—	—	—	—	—	—	—
Clothing	13	12	13	12	10	12	15	18	—	—	—	—	—	—	—	—
Auto	19	18	23	29	23	33	43	56	—	—	—	—	—	—	—	—
Drink & tobacco	46	50	55	64	65	73	97	111	—	—	—	—	—	—	—	—
Toiletries & medical	32	35	39	48	50	53	66	77	—	—	—	—	—	—	—	—
Household & leisure	54	59	68	84	79	87	113	150	—	—	—	—	—	—	—	—
Publishing, books	6	8	10	13	14	13	16	21	3	3	3	3	3	3	4	5
Tourism, entertainment, foreign	18	19	21	24	26	27	31	36	4	5	5	6	6	7	8	11
Nationalised industries	—	—	—	—	—	—	—	—	12	14	16	19	18	18	23	28
Government	—	—	—	—	—	—	—	—	14	16	17	21	21	21	22	26
Retail	—	—	—	—	—	—	—	—	56	63	84	114	134	163	206	260
Savings, financial	—	—	—	—	—	—	—	—	23	28	39	39	36	36	44	57
Industrial	—	—	—	—	—	—	—	—	71	70	81	95	103	111	130	168
Charity, education	—	—	—	—	—	—	—	—	2	2	2	2	3	3	3	4
Classified	—	—	—	—	—	—	—	—	119	119	150	213	228	218	255	327
TOTALS	250	271	311	362	348	387	493	613	304	320	397	512	552	580	695	886

Source: Advertising Association

IN his latest commercial for Sekonda watches Ronnie Barker finds himself shipwrecked on a South Sea Island. His rescuer (Ronnie Barker) gets to meet this pretty girl's sister as a swap for his watch—would you believe the sister is also played by Ronnie Barker?

Global Watches is putting £500,000 worth of TV advertising behind the watches which are said to be the UK's number two brand.

There is to be an early burst at the end of the month in Granada and Trident areas but the main thrust of the national campaign will be in late November and December. Aalders and Marchant is the agency.

NEWS IN BRIEF

● BAYER UK, the subsidiary of the German chemical and pharmaceutical giant, has appointed Leo Burnett to handle its advertising. The company, which only recently set up a consumer products group, has already established two brands in the UK, Delial Suncare range and Mafu, a household insecticide. They have been supported with £600,000 of advertising through Freeman Matthews and Milne and Lonsdale Osborne. New products are planned which could raise Bayer's advertising to over £1.5m. Another big new account for Burnetts is 3M, which markets internationally over 45,000 products. Main lines in the UK are tapes, recording material, abrasives and business equipment. The business is worth £600,000 to the agency.

● LEO BURNETT has recruited Judith Salinson as head of outdoor media buying, an indication of how agencies are taking posters more seriously.

● CHEVRON has appointed Contract Advertising to create and co-ordinate its advertising and promotions in six European markets.

● SLAZENGERS has appointed Humphreys Bull to handle its Puma sports footwear range. Puma is second to Adidas in the sports footwear market which is worth £16m, through specialist sports shops alone.

● TRADEFAX Foodbrokers has taken over the ethnic and speciality foods division of Allied International Food Services and aims to expand its distribution. The main range is Sea Isle brands of rice, lentils, dried peas and other pulses. Sea Isle claims to be the market leader in foodstuffs for the West Indian and other ethnic communities. Tradefax expects sales of Sea Isle to top £2m in its first year, mainly due to better distribution through the leading supermarkets, and promotion of the brand. The aim is sales of £10m within five years.

PACKAGING is the overlooked key to successful marketing. Take Spillers Top Cat, for example, which has doubled its market share in the last three months, mainly because its appearance on the shelves has changed. New flavour formulations and competitive pricing, to say nothing of promotional support, may have helped towards the 125 per cent increase in sales since May. To build on the success Spillers is taking 2p off all large sizes of Top Cat from September 11. The varieties available are Chicken and Liver, Beef and Kidney and Salmon flavour. "Twice as many people now buy Top Cat compared with the pre-launch period," says brand manager Mick Howey.

Summer TV in fashion

THERE IS a quick and convenient explanation for the ITV companies remarkable 37 per cent increase in advertising revenue in July—it is money held back by advertisers from the June-dominated World Cup when the commercial channel was expected to take a clobbering from the BBC coverage of the matches. It is less easy to justify the very good August for ITV which could produce an even large, 40 per cent, rise in income over the equivalent month in 1977. Obviously the end of the television advertising boom, which seemed to be imminent in the late spring, has not happened yet.

It is very unlikely that similar sized increases will persist into the peak autumn months, but even so 1978 is on course to prove another very good year for ITV, perhaps with a 20 per cent gain on the £351m brought in during 1977. This would make it one of the longest booms in advertising history, fuelled, at least in part, by the fact that the size of the supply is limited to six advertising minutes an hour and Government restrictions prevent the ITV companies raising prices to meet demand.

What has basically happened is that the old packaged goods advertisers have returned in force to television, partly because yet more Government restraints—on dividends and wage rises—have left them with plenty of cash, while the new advertisers are persisting with the medium.

But by itself this will not explain away the exceptional demand in July and August. Harold Lind of AGB is convinced that what is happening is a swing by advertisers away from the expensive peaks in the spring and autumn to the early months of the year and the summer. Advertisers are pushing back campaigns from the late spring, or moving them forward from the autumn, because they know they can get time in the summer and perhaps more cheaply, too. But all the indications are that advertisers will have to book soon to be sure of spots in the autumn. Ron Miller of London Weekend says that already 70 per cent of available time is being negotiated, the response of advertisers to the much stronger ITV Saturday night programmes announced last week.

At least those advertisers that do get on will not have to pay much more for their time. ATV, Trident and Thames have revised their rate cards in a minor way which should raise revenue but in the main advertising costs will not increase significantly. For 1979, if the Government can maintain business confidence by checking wage increases, television advertising will have another good year, but with a smaller rise in revenue than in 1978. As usual the rest of the advertising media will follow the cycle of television with a gap of a few months.

Antony Thorncroft

Why Watneys stays loyal

FEW MEN in the advertising industry can command the loyalty that clients show to David Abbott. His new agency Abbott Mead Vickers was quick to benefit from the £1m Volvo business which followed the creative man when he quit FGA for a new challenge. Now another old client, Watneys, is putting business his way.

Watney Special, Watney Starlight and Watney Take Away are the brands which have left Ted Bates for the new outfit, and bring its billing to an annual rate of £5.5m. The other main accounts are Wella, Bowater Scott and Mathew Clark Dry Sack sherry.

● COLLYER Daish Associates has accepted ITCA recognition and formed Collyer Daish Advertising. It has also resigned the Pacific International Enterprises account which billed £394,100 in 1977 because it is unprofitable.

St. Ivel's golden spread

IT IS not butter and it is not margarine but St. Ivel Gold now on test by Unigate Foods is going great guns and may well move national shortly.

The "spreading blend of buttermilk, butter and vegetable oils" was first put into test in Harlech in May 1977 and is now in Westward and Southern TV as well. According to Graham March, Unigate marketing manager, the volume budget has been achieved even in the light of the problems that butter pricing produced. Butter subsidies were introduced at the wrong time from Unigate Foods' point of view. But the subsidies are now being phased out and the price of butter is rising. Generally speaking margarine prices have remained fairly static.

All targets for Gold such as trial and repeat purchases have been met and exceeded. In the areas only one brand of margarine, Stork SB, now outsells Gold and the 48p per lb spread outsells all the butters with the exception of the three major brands. It has been established that 65 per cent of people who buy their first pound of Gold will go on buying it.

Apart from the butter pricing problem the main marketing difficulty has been to encourage people to make their first purchase. "They have heard it all before" says Graham March referring to the old "You can't tell Stork from butter" theme. So to a sceptical public Unigate and its agency Boase Massimi are simply saying that Gold tastes very much like butter and that it is cheaper.

The spread was developed in Sweden and Unigate has the licence to produce for the U.K. market. The company is looking for 3 per cent of the test area market for yellow fats. At retail prices yellow fats are a £500m market in the UK and Unigate is spending at a national equivalent of £1.2m on Gold. The only national brand getting a slightly bigger spend is Stork. It looks like a jaws war.

Pamela Judge

Updating the study of Middle East media

AS A result of the good response by advertisers and publishers to the 1977 McCann Middle East Media Study, and the need for further reliable information on Middle East markets, Interteam McCann—the overseas division of McCann-Erickson Advertising Limited, London—has launched MMEMS 79.

Like the 1977 McCann Middle East Media Study — which marked a milestone in Middle East research by providing the first impartial multi-market media study—the purpose of MMEMS 79 is to provide reliable media exposure data for advertiser and media owner.

It is proposed to increase the scope of MMEMS 79 to cover 10 markets and conduct separate surveys of "Decision Makers" and the "General Public" in: Kuwait, Bahrain and Qatar, United Arab Emirates and Oman, Saudi Arabia, Egypt, Iran, Lebanon, Sudan, Jordan and Yemen Arab Republic.

Decision makers are a key element in marketing in the Middle East. They will comprise senior executives in commerce and industry, senior personnel in financial institutions, senior officials in government departments and, for the first time, the professions (doctors and lawyers).

MMEMS 79 will include information on: The Press—average issue readership and readership frequency data for indigenous and international publications (including inflight media); TV—viewership frequency and exposure to TV stations covering each market in last week and yesterday; Radio—listenership frequency and exposure to local and foreign radio stations in last week and yesterday; and Cinema—frequency of cinema-going and last visit.

A Pilot Study will be conducted in September 1978 and fieldwork will be undertaken between January and March 1979. Reports and schedule evaluations will be available by 31st May, 1979.

A measure of good news for Britain's chemists

The full extent of last year's difficult trading conditions, and their impact on two key sectors of retailing, emerges in a major analysis of chemists' and off-licence sales in 1977 in the latest edition of the Nielsen Researcher. The survey also covers chemists' business in the first three months of 1978 and confirms a more encouraging trend.

Chemists' turnover increased by £127m (15.2 per cent) to £962m last year against an increase of 21.9 per cent in 1976 and 20.2 per cent in 1975. (Retail prices generally last year rose by 15.8 per cent.) Both NHS business and over-the-counter sales gains last year show a considerable drop compared with 1976, e.g. a 22 per cent gain in NHS business against 33.8 per cent in 1976, and a 7 per cent counter sales rise in 1977 against a 10 per cent increase in 1976. (These figures do not include data for Boots.)

In the first four months of 1978, however, chemists' over-the-counter sales showed a gain of 14.6 per cent (in relation to a general retail price rise of 9 per cent) and with the continuing expansion in NHS turnover, chemists' overall business up to April showed a healthy 21 per cent gain over the previous year. The average number of prescriptions dispensed in the first quarter of 1978 increased by 4 per cent.

Despite poor trading conditions, exacerbated by the poor summer last year, the take-home drinks trade in England and Wales increased by 12.2 per cent to £1,047m (as against a 15.1 per cent average price increase), with licenced grocers putting up a marginally better performance than specialists and increasing their share of the total from 40.7 per cent to 41.2 per cent.

Three important markets showed further growth last year—lager, aperitifs and vodka. Lager notched up an impressive 7.4 per cent increase in unit sales, helped by substantial advertising and a wide choice of brands. Aperitifs' unit sales were up by 6.3 per cent, mainly due to grocers where the gain was a significant 16 per cent; while vodka showed the strongest overall volume growth with an increase in 1977 of 11.5 per cent.

LOMBARD

My kingdom for a decision

BY ANTHONY MORETON

I SOMETIMES think that this country suffers from an excess of democracy. Some of the fringe political parties may take me to task, saying there is too little political involvement for most of the people but it seems to me that decision-making in many important and some not so important spheres is so long drawn out as to render it almost meaningless. The Government — all governments — fall over backwards to consult, in the name of public participation, and democracy results—but at the expense of administrative efficiency. The consequence is that the Government too often appears to be incapable of taking simple decisions.

Local reaction

Take the case of the toll over the Severn Bridge. The bridge, part of the M4 motorway between London and South Wales, is losing money. The natural reaction is to put the toll up. But this is too simple.

When the Minister of Transport announced — last year — that he proposed to increase the charge and called for local reaction he could hardly have expected that he would get letters of support, even though the suggestion was merely to raise the fee from a ridiculously low 12p to 20p. The average motorist, if the bridge were not there, would have had to make a detour of some 70 miles, costing him £1.50 in petrol alone. So a rise in the toll to 20p might seem high in percentage terms but is trivial by today's values.

The expected happened. More than 60 people and bodies objected to the rise, including Avon and Gwent county councils, which ought to have had more sense. So the Minister, nearly ten months after originally making his proposal, is on the point of setting up a public inquiry. At great expense an inspector will be appointed, he will solemnly listen to the objectors (one can hardly envisage anyone going along to tell him what he ought to be told, that crossing the bridge is cheap) and in due course will present a report. The whole exercise will be long, expensive and be all about another 8p. The Minister might even reject the advice he gets from the inspector.

Whatever happens by the time the toll goes up — as it must if it is not to be a drain on public funds — it will be at least 18 months after the original announcement. And the Minister could have taken the decision in about as many seconds. Democracy would not have suffered but executive decision-making would have been given a great shot in the arm.

Lest it be thought that 18 months is a long time to reach a decision there is a plan sitting in the Secretary of State for Wales' office which puts the Severn Bridge case into the shade. Back in 1907—71 years ago—the council at Colwyn Bay in North Wales complained that 187 cars had used the main road through the town on August Bank Holiday Monday and this was posing an intolerable strain on general facilities. By 1966 some 20,000 cars a day were passing through and the next year a report was sent to the Minister giving him options on what ought to be done to the A55 road.

Two and a half years later he announced a preferred route to release the pressure and said that work might start in another 2½ years. But by 1975 all that had happened was that an inquiry into the preferred route had started. Altogether, 636 people and organisations objected and the inquiry lasted for nine months. The ensuing report was so long—816 pages—that probably no one outside the mandarins of the Welsh Office read it *in toto*. It took 15 months to write the report and almost a year for the Minister to decide what to do.

He overrode all those who had objected. Ten years of consultations, objections, lobbying, two changes of Government. The Minister could have asked the 636 to have sent him a letter outlining their objections and—even at the speed a second-class letter takes—he would have had all the answers he needed in a fortnight.

Meaningless

These two examples could be multiplied a hundredfold in every aspect of government. There is the famous case of Oxford's inner relief road which has been rumbling on to no satisfactory conclusion for more than 30 years. Now, Mr. Peter Shore, Secretary for the Environment, has called for yet more plans. Isn't this where many of us came in?

Have Ministers so lost the art of decision-taking that they must pass everything on to someone else? Or is it that they are so overburdened with the administration of their departments that they have no time to take a decision? Mr. William Rodgers, as Minister of Transport, cannot really need an inspector to tell him he ought to put up the toll for Severn Bridge crossing by 8p.

Conflicting views on legal privilege

BUSINESS AND THE COURTS

BY A. H. HERMANN, Legal Correspondent

MOST PEOPLE seem to agree that governments should be less reluctant to publish as a basis for public discussion the policy papers prepared by civil servants. Even those who think that it would be too embarrassing for civil servants to disclose their views, favour at least the disclosure of background information. A monopoly of information, it is argued, can often deprive the uninformed of the ability to defend their interests.

Often the same people who advocate a more open government take an entirely different stand when it comes to private interests. Privacy, banking secrets, the clients' privilege of keeping secret whatever passed between him and his lawyers—and even the journalists' right to refuse to disclose his sources—these often appear to be regarded as sacred human rights overriding all other interests.

It seems fairly obvious that the same pragmatic approach to secrecy in both public and private matters will best satisfy not only the requirements of democracy but also those of justice. No one in his right senses would ask a government to think aloud about foreign policy and defence matters, but a government which wanted to make a radical change in public transport or in its administrative practices should take the public into its confidence. And, turning to private matters, no marriage would survive if one or both of the partners could read thoughts, but what sort of togetherness can there be if even the size of the pay packet is a jealously guarded secret?

Disclosure of information is also the subject of the preliminary game played by solicitors before a dispute comes to trial. They try to learn from the other side as much as possible but to reveal themselves as little as possible. One of the devices used in this game is called "legal privilege," that is the privilege to keep secret what passed between the client and his lawyer. One has, however, to distinguish clearly between the genuine request for, and acceptance of, legal advice on the one hand, and the participation of the lawyer in illicit practices—for example by acting as the organiser of a price-fixing ring on the other.

However, the abuse of legal privilege is most frequent, and most harmful to the cause of justice, in disputes between powerful organisations and private individuals as is often the case with claims for damages arising from accidental injury or loss of life. Judges are divided when it comes to deciding whether a report, which the party contesting a claim for damages had prepared about the accident, should be kept secret from the claimant. The disagreement centres on reports prepared primarily to find out what has gone wrong but at the same time earmarked as possible information for solicitors should it come to a dispute.

Such a conflict between judicial opinions came to light when the Court of Appeal heard (on July 28) an appeal by Mrs. Alice Waugh against a decision by Mr. Justice Donaldson not to order disclosure of a British Railways Board's inquiry report about the death of her husband. He was killed in a collision while driving a diesel locomotive. The widow alleged that the accident was caused by the other driver or by other railway employees. The Railways Board's defence was that the dead man was at fault.

An inquiry was held two days after the accident and one can assume that the two senior railway officials who conducted the inquiry would make most suitable except witnesses. If so, their notes and report, prepared so soon after the accident, were documents which could assist the court in establishing the truth. Not only would it be financially impracticable for the widow to commission a separate report from experts, it is questionable whether the Railways Board would have been under any obligation to give such experts access to the place of the accident and witnesses. On the other hand the Board's reluctance to release the report to the widow will make many people believe that the report was not favourable to the railways and consequently that the widow was being denied justice.

The Civil Evidence Act, 1968, made the statements of witnesses at such an inquiry freely admissible in evidence at a subsequent trial. As the Railways Board could use them as evidence, Lord Denning, Master of the Rolls, took the view that it would be most unjust to refuse to disclose these statements to the widow and her legal advisers. In this case the report served a dual purpose—to find out the cause of the accident and to provide information for the solicitor. Lord Denning held that the appeal should be allowed and the report disclosed to the widow.

Lord Denning's overriding motive was evident when he said: "It is axiomatic that the object of the law is to do justice." But he reinforced his judgment also by more mundane legal argument, quoting decisions in which judges successfully evaded the time honoured formula of legal privilege. In his opinion the Court should apply it as restated by the Law Reform Committee in 1967, namely that legal privilege should be granted only to material produced wholly or mainly for the purpose of litigation.

But Lord Justice Eveleigh did not agree. In his view, precedents did not allow the Court of Appeal to remove the legal privilege from documents prepared for prospective litigation even if they were also designed to serve another, perhaps more important issue. Sir David Cairns sided with him and "while there was much to be said for restricting privilege in cases such as the present" he could not accept that the court had the power to do it. Lord Denning was overruled but leave to appeal to the House of Lords was granted. The conflict between justice and formal rights, which has always been a motor of legal development in Britain, remains in this particular case unresolved.

Music Maestro each way the best bet in York sprint

RACING

BY DOMINIC WIGAN

DESPITE HIS undeniable claims to the champion sprinter title Solinus looks to be a poor proposition from a betting point of view in today's renewal of the William Hill Sprint Championship at York. Here a sequence of three victories this term and the association of Vincent O'Brien and Lester Piggott will see him starting at unrealistically cramped odds from the punters' point of view.

A far better bet, to my mind, is Music Maestro each way. Comfortably held by both Solinus and Oscilight in the King's Stand Stakes at Royal Ascot, where he did not appear to have quite recaptured his two-year-old sparkle, Music Maestro then overcame the handicap of firm ground and some smart opponents in Goodwood's King George sprint. Slowly away there, the Bay Song colt, who is far more at home on an easy surface, got up in the final stride to touch off Epsom Imp.

This afternoon's stiffer five furlongs and, it is hoped, better ground should see him having few problems from his seven home-trained opponents and will, I feel equally sure, give him the ideal opportunity of bustling up the Cashel colt.

In the other group event, the Gimcrack, Piggott is again aboard an Irish challenger, his mount being the unbeaten Mick O'Toole juvenile, Miami Springs. The 2½-lengths conqueror of Gerald Martin in the Tyros Stakes at The Curragh on his debut in early July, the Northfields colt, trained by O'Toole for his wife, then slammed Windy Sunset in a match on the same course two weeks later.

Although the Irish colt is entitled to favouritism and seems bound to make a bold bid for the hat-trick, I believe he may have to give best to Neville Callaghan's handsome Red Guard colt, Stanford, who struck me as a top-class two-year-old in the making at Windsor before he ran inexplicably badly in Newmarket's July stakes.

The Prince of Wale's Stakes, won a year ago by Music Maestro, does not look to contain a juvenile of his ability on this occasion, and I am content to rely on the Barry Hills-trained Ring Lady bidding to give Mr. Robert Sangster another good winner at this meeting.

YORK
2.00—Ring Lady*
2.30—Sir Gregor
3.00—Stanford**
3.35—Music Maestro***
4.05—Ivor's Honey
4.35—Country Fair
5.05—Fox Bend

YARMOUTH
2.45—Pant
3.15—My Anastasia
3.45—Let Us Love
4.15—Phyllis Ayres
5.15—Forties Field

TV/Radio

BBC 1

† Indicates programmes in black and white

6.40 am Open University (Ultra High Frequency only). 10.00 'Paddington Recommended.' 10.05 Jackanory. 10.20 Help! It's the Hair Bear Bunch. 10.40 The Islanders. 11.15 On the Move. 11.25 Cricket: Third Test—Cornhill Insurance Test Series: England v New Zealand. 1.30 pm Mister Men. 1.45 News. 2.10: Third Test—England v New Zealand. 4.18 Regional News for England (except London). 4.20 Play School (as BBC-2 11.00 am). 4.45 Graham's Gang. 5.10 Boss Cat. 5.35 Captain Pugwash.

5.40 News
5.55 Nationwide (London and South East only)
6.20 Hugo van Lawick's Africa
7.10 Dr. Who
7.35 Top of the Pops
8.10 The Hollywood Greats: Judy Garland
9.00 News
9.25 Big Band Special
10.10 I, Claudius
11.00 Checkpoint
11.30 Cricket: Third Test highlights
12.00 Weather/Regional News

All Regions as BBC-1 except at the following times:—

Wales—5.55 pm Wales Today. 6.15 Newydd. 12.00 News and Weather for Wales.

Scotland—5.55 pm Reporting Scotland. 12.00 News and Weather for Scotland.

Northern Ireland—4.18 pm Northern Ireland News. 5.55 Scene Around Six. 12.00 News and Weather for Northern Ireland.

England—5.55 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40-7.55 am Open University
11.00 Play School
4.30 pm Cricket: Third Test—England v New Zealand
6.35 Open University
7.00 News on 2 Headlines
7.05 The British Connection?
7.30 News on 2
7.40 Gardeners' World
8.05 Top Gear
8.30 BC: The Archaeology of the Bible Lands
9.00 Washington: Behind Closed Doors
10.25 Late News on 2
10.35 Washington: Behind Closed Doors (continued)
12.00 Closedown, reading

LONDON

9.30 am A Place in History. 9.55 Skilful Soccer with Jack Charlton. 10.20 The Undersea Adventures of Captain Nemo. 10.25 Spiderman. 10.45 The National Film Board of Canada presents. 11.35 Cartoon Time. 12.00 Little Blue. 12.10 pm Hickory House. 12.30 Doctor! 1.00 News plus FT index. 1.20 Platform. 1.30 Young Ramsay. 2.25 Racing from York plus Swimming and Diving (World championships). †4.20 Children's Film Matinee: The Crazy Gang in 'The Frozen Limits.'

5.45 News
6.00 Survival
6.30 Cartoon Time
6.50 Crossroads
7.15 Leave it to Charlie
7.45 The Mid-Week Film: 'Love Thy Neighbour'
9.30 Great Expectations
10.00 News
10.30 World Swimming Championships
11.00 This Sporting Land
11.30 Night Gallery
12.00 What the Papers Say
12.15 am Close: A painting by Goya accompanied by the music of Juan Martin

All IBA Regions as London except at the following times:—

ANGLIA

10.20 am Little House On The Prairie. 11.05 Space 1999. 1.25 pm Anglia News. 1.30 The Entertainers. 2.00 Women Only. 4.20 Lassie. 4.45 Westway 5.15 Bygones. 6.00 About Anglia. 6.35 Arena. 11.00 The Andy Williams Show. 11.30 Chopper Squad. 12.25 am The Living Word.

ATV

10.20 am Music At Harewood. 10.45 Battleground. 11.10 Spiderman. 11.30 Music Circle. 11.35 The Adventures of Parsley. 1.20 pm ATV Newsdesk. 1.30 England Their England. 2.00 Summer After Noon. 4.20 The Flintstones. 4.50 Three For The Road. 6.00 ATV Today. 11.30 Dan August.

BORDER

10.20 am Dynomutt, The Dog Wonder. 10.40 The Nature Of Things. 11.05 The Woody Woodpecker Show. 11.30 Wildlife Cinema. †1.20 pm Border News 4.20 The Little House On The Prairie. 5.15 Johnny Quest. 6.00 Lookaround Thursday. 11.30 Police Surgeon. 12.00 Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News and What's On Where. 4.20 The Little House On The Prairie. 5.15 The Practice. 6.00 Channel News. 6.10 Cartoon. 6.35 Summer Diary. 10.28 Channel Late News. 10.32 Down The Line. 11.00 M'Lords Ladies and Gentlemen. 12.00 The World Swimming and Diving Championships. 12.25 am Actualities et Projections.

GRAMPIAN

9.25 am First Thing. 10.20 Tandarra. 11.05 The Company Men. 1.20 pm Grampian News Headlines. 4.20 Little House On The Prairie. 5.15 Audubon—Wildlife Theatre. 6.00 Grampian Today. 6.10 Farming News. 6.15 Flair. 11.30 The Bob Newhart Show. 12.15 am Reflections. 12.20 Grampian News Headlines.

GRANADA

10.20 am Return To The Planet Of The Apes. 10.40 The Lost Islands. 11.05 The Beatles. 11.25 Skippy. 11.45 A Handful Of Songs. 1.20 pm This Is Your Right. 4.20 Little House On The Prairie. 5.20 The Undersea Adventures of Captain Nemo. 5.15 Crossroads. 6.00 Granada News. 6.05 On Site. 6.45 Those Wonderful TV Times. 11.00 Clapperboard. 11.30 What The Papers Say. 11.45 Law Centre.

HTV

†10.20 am "Carlton-Browne Of The F.O." starring Terry-Thomas and Peter Sellers 1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 1.30 Out Of Town. 2.00 Women Only. 4.20 Clue Club. 4.45 The Flintstones. 5.20 Crossroads. 6.00 Report West. 6.22 Report Wales. 6.45 Survival. 11.00 Law Centre.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion y Dydd. 4.20 Miri Mawr. 4.30-4.45 Wailbothna. 6.00-6.22 Y Dydd.

HTV West — As HTV General Service except: 1.20-1.30 pm Report West Headlines. 6.22-6.45 Sport West.

SCOTTISH

10.20 am Valley Of The Dinosaurs. 10.45 Junior Matinee—"Hoppity Goes to Town." 1.25 pm News and Road Report. 1.30 Wild, Wild World Of Animals. 2.00 Women Only. 4.20 Chopper Squad. 5.15 Cartoon. 5.20 Crossroads. 6.00 Scotland Today. 6.30 Weir's Way. 6.45 Garnock Way. 11.00 Late Call. 11.05 Emergency.

SOUTHERN

10.20 am Woody Woodpecker. 10.40 "Tons of Trouble," starring Richard Hearne. 1.20 pm Southern News. 1.30 Survival. 2.00 Women Only. 4.20 Dynomutt The Dog Wonder. 4.45 The Lost Islands. 5.15 Sinbad Junior. 5.20 Crossroads. 6.00 Day By Day. 6.45 Oh No It's Selwyn Froggitt. 11.00 Southern News Extra. 11.10 Danger In Paradise. 12.05 am What The Papers Say.

TYNE TEES

9.25 am The Good Word followed by North East News Headlines. †10.20 Morning Movie: "State Secret," starring Douglas Fairbanks Jnr. and Glynis Johns. 1.20 pm North East News And Lookaround. †4.20 Thursday Matinee: Custard Pie Parade—"Easy Street," starring Charlie Chaplin and "Cops," starring Buster Keaton. 6.00 Northern Life. 11.00 Rafferty. 12.00 Epilogue.

ULSTER

†10.20 am Morning Movie: "Harold Lloyd's World Of Comedy." 1.20 pm Lunchtime. 4.18 Ulster News Headlines. 4.20 Clue Club. 4.45 Solo One. 5.15 The Adventures Of Black Beauty. 6.00 Ulster Television News. 6.05 Crossroads. 6.30 Reports. 6.45 Want A Job. 7.00 Cartoon Time. 11.0 Hogan's Heroes. 11.25 Carrolls Irish Golf Championship. 11.50 Bedtime.

WESTWARD

10.20 am Untamed World. 10.40 Tree Top Tales. 11.00 Clapperboard. 11.30 The Gene Machine. 12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 4.20 The Little House On The Prairie. 5.15 The Practice. 6.00 Westward Diary. 10.28 Westward Late News. 10.30 Down The Line. 11.00 M'Lords, Ladies and Gentlemen. 12.00 The World Swimming Championships. 12.25 am Faith For Life.

YORKSHIRE

10.20 am Tarzan. 11.10 The White Stone. 11.35 The Woody Woodpecker Show. 1.20 pm Calendar News. †4.20 "Abbott And Costello In The Foreign Legion." 6.00 Calendar (Emley Moor and Belmont editions). 9.30 Great Expectations. 11.00 The Streets Of San Francisco.

F.T. CROSSWORD PUZZLE No. 3,753

ACROSS

1 Fruit course given daily in the F.T. (4-4)
5 Bear the expense of a loud car (6)
9 Priceless wine from place where no duties are levied (4-4)
10 Minds about Pole giving an endearing touch (6)
12 Bird, fish and insect (9)
13 Inn that is very warm to the Spanish (5)
14 Copy about south part of church (4)
16 Music maker accepts nothing but a crown (7)
19 German volume a learner follows according to the letter (7)
21 Fashion model is incomplete (4)
24 Maintain I fish outside (5)
25 Chap returning notice to Conservative that is compulsory (9)
27 Fly from Russia via Tehran (6)
28 Piece broken off that totters get in feet (8)
29 Encircle broken N.E. grid (6)
30 Piper or painter (8)

DOWN

1 Disfigure some French dial (6)
2 Fish going round river and ditch (6)
3 Leer about soft outcast (5)
4 Ran up with speed to speak (7)
6 Feared holding article and has got down (9)
7 Open with single harmonic (8)
8 Does tale become dreary? It could! (8)
11 Smart and fashionable bird without knowledge (4)
15 Fairy indicator on boundary (9)
17 Proposed to accept mechanically operated bolt as an obstruction (8)
18 Taking bird and sing about it (8)
20 The French doctor, alias Elia (4)
21 Ruler who should get no rising in March (7)
22 Got up with a learner like a flower (6)
23 Native rot? Yes, maybe! (6)
26 Sugar refined for a vigilant watcher from Greece (5)

SOLUTION TO PUZZLE No. 3,752

RADIO 1 247m

(S) Stereophonic broadcast
‡ Medium Wave

5.00 am As Radio 2. 7.02 Dave Lee Travis. 9.00 Simon Bates. 11.00 Paul Burnett with the Radio 1 Roadshow from Bude. 12.30 pm Newsbeat. 12.45 Peter Powell. 2.00 Tony Blackburn. 4.31 Kid Jensen including 5.30 Newsbeat. 7.30 Sports Desk (joins Radio 2). 10.02 John Peel (S). 12.00-2.02 am As Radio 2.

RADIO 2 1,500m and VHF

5.00 am News Summary. 5.02 Tony Brandon (S) including 6.15 Pause for Thought. 7.32 Terry Wogan (S) including 8.27 Racing Bulletin and 8.45 Pause for Thought. 10.02 Jimmy Young (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (S) including 1.45 Sports Desk. 2.30 David Hamilton (S) including 2.45 and 3.45 Sports Desk and Racing from York. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.50 John Dunn (S) including 5.45 Sports Desk and 6.02 Cross-Channel Motoring Information. 6.45 Sports Desk. 7.02 Country Club (S), including 7.30 Sports Desk. 9.02 Folkweave (S). 9.55 Sports Desk. 10.02 Wit's End. 10.30 Star Sound Extra. 11.02 Sports Desk. 11.10 Brian Matthew introduces Round Midnight, including 12.00 News. 2.00-2.02 am News Summary.

RADIO 3 464m, Stereo & VHF

6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer Beethoven (S). 9.45 Song Recital (S). 10.30 Wind Quintets by Hindemith, Mather, Fine (S). 11.15 Cricket Third Test —England v. New Zealand including 1.35 pm News 1.40 The Great Match—England v. New Zealand 1931 2.00 Lunchtime scoreboard. 6.40 Lifelines. The Wider World. 7.30 Proms 78 part 1: Schubert (S). 8.20 The Voice Of Carleton Hobbs reading Wordsworth. 8.40 Proms 78 part 2: Haydn (S). 9.30 Drama Now (S). 10.40 The Innocent Ear (S). 11.45 News. 11.50-11.55 Tonight's Schubert Song (S).

VHF—6.00-7.00 am Open University. 7.00 With MW. 11.15 Bizet piano recital (S). 11.40 In Short. 11.50 Schumann and Bartok concert (S). 1.00 pm News. 1.05 Vidon Trio (S). 2.10 "Francesca da Rimini." Opera in one Act by Rachmaninov (S). 3.25 Words . . . 3.30 Thomas Rajna and the Alberni String Quartet (S) 5.05 Berlin Festival 1977 (S). 5.45-7.30 Open University. 7.30 With MW.

RADIO 4

434m, 330m, 285m and VHF

6.00 am News Briefing. 6.10 Farming Today. 6.30 Today: Magazine, including 7.00 and 8.00 Today's News and 7.30 and 8.30 News Headlines. 8.45 Hard Times (S). 9.00 News. 9.05 These You Have Loved (S). 10.00 News. 10.05 From Our Own Correspondent. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Down Your Way. 11.45 Near Myths. 12.00 News. 12.02 pm You And Yours. 12.27 I'm Sorry I Haven't A Clue (S). 12.55 Weather, programme news. 1.00 The World At One. 1.30 The Archers 1.45 Woman's Hour including 2.00-2.02 News. 2.45 Listen With Mother. 3.00 News. 3.05 Afternoon Theatre (S). 4.00 News. 4.05 Jack de Manio Precisely. 4.35 Story Time. 5.00 PM Reports. 5.40 Serendipity 5.55 Weather; programme news. 6.00 News. 6.30 Brain Of Britain 1978. 7.00 News. 7.05 The Archers. 7.20 Let's Get This Settled. 7.45 The Invasion of Czechoslovakia (Documentary by Vera Blackwell). 8.30 The Five Senses. 8.45 As Others See Us with Basil Boothroyd (S). 9.30 Sutherland In Wales: Graham Sutherland, artist, in conversation on his 75th birthday. 9.59 Weather. 10.00 The World Tonight. 10.30 Happiness Is . . . with Bernard Falk. 10.55 My Delight with Geoffrey Wheeler. 11.00 A Book At Bedtime. 11.15 The Financial World Tonight. 11.30 News.

BBC Radio London

206m and 94.9 VHF

5.00 am As Radio 2. 6.30 Rush Hour. 9.00 London Live. 12.03 pm Call In. 2.03 206 Showcase. 4.03 Home Run. 7.03 Jazz Alive! 7.30 Black Londoners. 8.30 Soul 78. 10.03 Late Night London. 12.00 Close: As Radio 2.

London Broadcasting

261m and 97.3 VHF

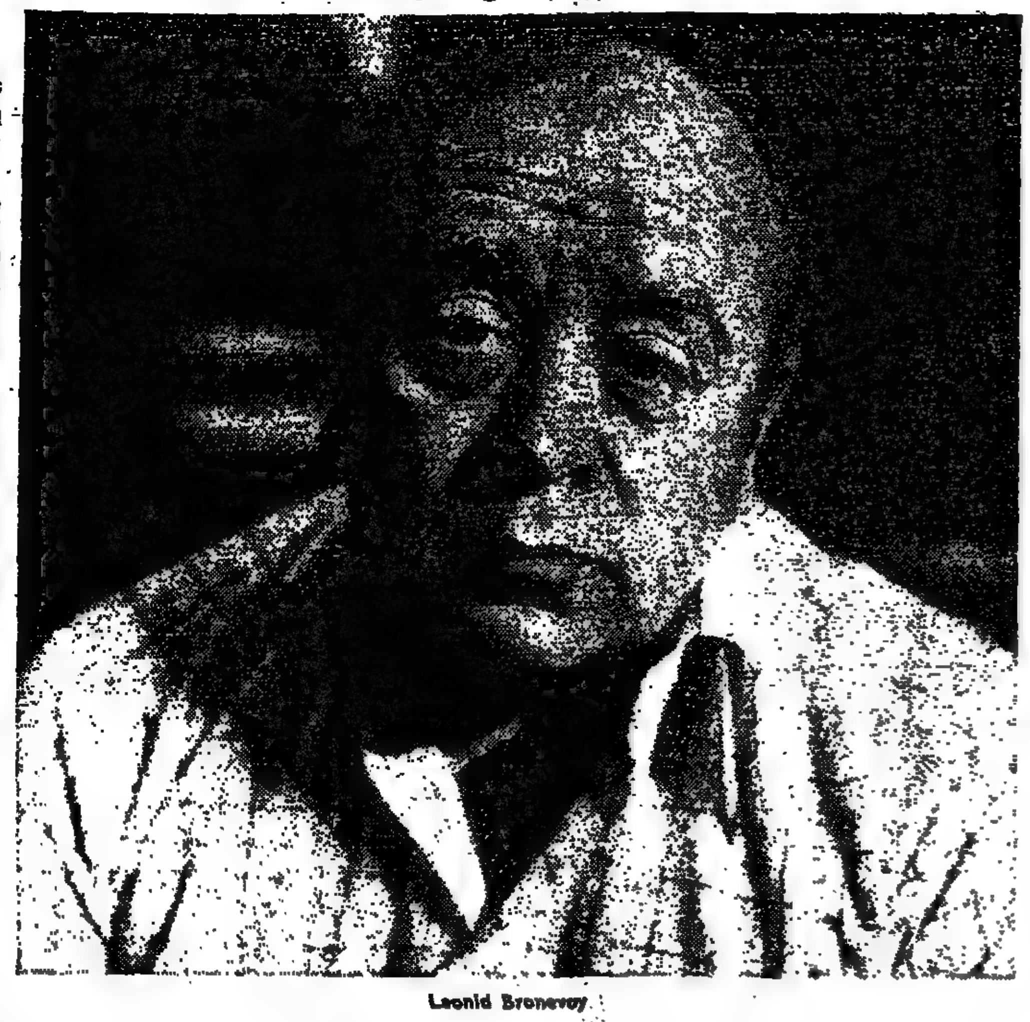
5.00 am Morning Music. 6.00 A.M.: non-stop news, information, travel, sport. 10.00 Brian Hayes Show. 1.00 pm LBC Reports. 3.00 George Gale's 3 O'Clock Call. 4.00 LBC Reports (continues). 8.00 After Eight. 9.00 Nightline. 1.00 am Night Extra.

Capital Radio

194m and 95.8 VHF

6.00 am Graham Dene's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Dave Cash (S). 3.00 pm Roger Scott (S). 7.00 Lord George-Brown's Capital Commentary (S). 7.10 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Nick Horne's Your Mother Wouldn't Like It (S). 11.00 Tony Myatt's Late Show (S). 2.00 am Duncan Johnson's Night Flight (S).

vilege



Leonid Bronevoy

Edinburgh Festival—Lyceum

A Month in the Country

by B. A. YOUNG

Anatoli Efros believes that Turgenev's characters must be adapted to the understanding of a new public that has never experienced a society such as existed on Arcady Islayev's estate. His production for the Moscow Drama Theatre in Malaya Bronnaya Theatre turns out to be a vivid portrait-gallery of individuals each in the best Stanislavsky tradition, but there is little indication of their relationships together. I imagine this may be intentional; I think we are intended to supply that element ourselves.'

The play is given a non-representational set designed by Dmitry Krymov. There is a two-layered stage on a revolve, the two concentric layers of which, half-circles with ornamental metal rails at the circumference, can revolve independently. Efros uses them for emotional rather than scenic purposes—to whisky a barrier between characters, to provide a difference of elevation. On either side is a pretty toy carriage, of Turgenev's own period, one of them containing a toy coachman. They are purely ornamental, and are used only as props, this being a company in which props—string, cigars, a kite—are much used. At the end, when the heart-broken Natalia Petrovna (Olga Yakovleva) has lost all her intimates, the whole set is dismantled before our eyes.

The playing is powerfully individualistic. Yakovleva—a very beautiful woman—establishes herself quickly as aristocratic and spoiled with a repertory of beautifully-observed carelessness and a sequence of splendid dresses designed by Yekaterina Sokolskaya. It is natural that later, when she becomes the principal sufferer in this game of amorous snooker, her emotions will get the better of her; her long final cadenza of despair, played in short, silent moves all over the stage, is excellently done, even though I believe it to be an over-indulgent piece of direction.

Mikhail Kozakov is a Byronic figure as Rakitin, but without Byron's panache; no doubt already aware of the powerful threat made by the student Belayev, he spends much time gazing despondently at the floor. Whether intentionally or not, Oleg Dal's Belayev is physically the same type. At first he is as stiff and shy as a new boy at a boarding-school, given to standing at attention and mumbling "Slushayus" when Natalia addresses him: but once his emotions are set free the Byronic seed is detectable, though it still has a way to go.

He is still a boy when he plays with Verochka (his real charge, the boy Kolya, having been cut from a streamlined text). Verochka (Yelena Koreneva) is very childish indeed for an already marriageable teenage girl, and though perhaps she overdoes it, her assumption of youth through the close reproduction of youthful movement is impressive. It made me think of Ulanova dancing Juliet at the age of 49.

A newcomer to the play might almost believe that Dr. Shpigelsky is the main character in it, for Leonid Bronevoy's intimate comedy, often directed straight at the audience from downstage, magnifies him to a bigger scale than any of the others but Natalia Petrovna. Very enjoyable comedy it is too, like some Russian Donald Sinden; but this is the chief example of the play's jigsaw direction, and the piece fits only with difficulty into Turgenev's scene as one has always imagined it.

Natalia's husband and his mother, the old neighbour Bolshintsov to whom Verochka is sacrificed and Natalia's companion Yelizaveta, are themselves virtually reduced to props. Their playing is impeccable as far as it goes—this is clearly a very good acting company—but they are almost deprived of their functions as attention is focused on the principal characters of the drama.

Coliseum

The Seven Deadly Sins

by RONALD CRICHTON

The English National Opera celebrates 10 years at the Coliseum with a new production, not of a repertory opera, but of Brecht and Weill's "ballet with songs, *The Seven Deadly Sins* of ordinary people. This was the last of their collaborations, the music being written in Paris where Weill had fled from Berlin: Balanchine choreographed it for the short-lived Ballets 1933 company with Lotte Lenya singing and Tilly Losch dancing the double role of Anna, the girl who gets on (driven by her "ordinary" and rapacious family) by suppressing her better instincts. Lenya's 1956 recording won the score a new celebrity. Since then there have been a number of revivals including two by Kenneth Macmillan, the first at Edinburgh and later Sadler's Wells, the second at Covent Garden.

There is good reason for ranking *The Sins* as a modern classic. The choice of a 20th-century work for the anniversary production does the ENO *nothing* but honour. Nevertheless, this particular score underlines rather than overcomes the defects of a theatre which has, during the past decade, seen a long list of notable achievements. Almost everything that makes the Coliseum a good house for, say, Wagner works against this excoriating but intimate homily laid out for a modest orchestra and a handful of performers, a homily where the text, every word of it, must get home.

Now we are in the age of the opera producer. I doubt if Balanchine needed one, or Béjart when he made his version. At the Coliseum Michael Geliot has staged the work in choreography by Richard Alston. Mr. Geliot has a number of Weill productions to his credit, and it is a pleasure to see his individual, probing, stripping-down style on the London operatic stage again. Mr. Alston's choreography has a kind of discreet distinction. It makes points swiftly without obtruding (the pas de deux for Anna and the gigolo she loves and supports but is forced by expediency to give up is a good example. Anna - dancer is Siobhan Davies, a lovely artist whose soft movements and tenderly expressive features perfectly reflect the sad-sweet side of the character.

The whole adds up to less than the parts. The dance-half and the song-half (they take place of course simultaneously) seem a little wary of one another. One is too often conscious that the Coliseum stage is terribly wide. But the main trouble is the words—Brecht in the Auden-Kallman translation. Anna's singing half is played by Julie Covington, who has won laurels in the straight theatre, in musicals and, for that matter, in Brecht. The voice is not large but she uses it well except (and this is crucial) that one can't rely on hearing all the words—sometimes they come over, sometimes they don't. Anyone who tackles this part has to cope with memories of Lenya in person or on record. Miss Covington rightly makes no attempt to imitate her indelible predecessor but she doesn't (or so one felt on Tuesday night) put quite enough of herself in the part. The result is careful, always accomplished, a little negative.

To some extent memories of the Lenya recording are irrelevant, even misleading. Her voice, by the '50s, had gone so much lower that the conductor Wilhelm Brückner-Rüggeberg transposed the numbers in which Anna as singer is involved down by as much as a fourth. Miss Covington's voice is also low (though not growly like Lenya's). The ENO's conductor, Lionel Friend, has kept the low pitches but has made some adjustments to the orchestration to bring the sound nearer to Weill's original, high version (both are printed in the current Schott vocal score) and has also adjusted the music for the male-voice family quartet, with Mother as the bass, which Brückner-Rüggeberg transposed down with the rest.

This removes some of the contrast Weill presumably intended between the girlish soprano line and the various nasty family sentiments expressed by much deeper voices, but it makes the quartet music easier to sing, and Terry Jenkins, Alan Woodrow, Alan Opie and Dennis Wicks (a formidable Mum-figure) are a great deal better than the German singers on the record. So is the orchestral playing, though the masterly way Weill returns to the melancholy music of the opening did not make its full effect on Tuesday and the biting quality of Weill's scoring gets fuzzed in this theatre — for example, the Brahmsian thrust and counter-thrust of "Covetousness."

The designs of Ralph Koltai and Nadine Baylis are bare, economical, aseptic. They have the cold, not quite sufficiently affirmative distinction of the production as a whole—Mr. Koltai can make a pair of girders for sliding in placards look not merely functional but aesthetically pleasing. There is no mess or muddle. Presumably the period-lessness is deliberate. In one dance there is a hint of Loie Fuller (when the work was written, pseudo-Fullers were still whirling round the French provinces), but any implication that Brecht's message remains universally valid may be regarded as dubious—is it true nowadays that "Powerful producers do not give plum parts to protestors"? Mr. Geliot doesn't let us see the family's little house in Louisiana being assembled brick by brick as Anna's immoral earnings trickle in. We merely watch their clothes growing richer and richer, number by number.

The Sins, being a one-acter, shares the bill with a revival of Colin Graham's production of Puccini's *Gianni Schicchi*, conducted by Sir Charles Groves with an extrovert relish he hasn't always shown in this pit. There are several newcomers to the cast. Both they and the old hands conclusively prove that singers accustomed to the Coliseum need have no difficulty with words. Eric Shilling's Schicchi is less subtle and musical than Thomas Hemsley's, but not one syllable is lost, and his example is followed with notable success by most of the greedy Florentines whom Schicchi defrauds (what an evening for greed and avarice!) including notably Anne Collins, Della Jones, Anne Conoley and Harold Blackburn.

Julie Covington and Siobhan Davies

Albert Hall/Radio 3

Davidde penitente

by MAX LOPPERT

Mozart left his mighty C minor Mass unfinished, but not unforgotten. In 1785, three years after its composition, he was asked to provide a second half for one of the Lenten concerts of the Vienna Society of Musicians (the same body that was to behave with such shameful tardiness about awarding him membership). He set about transforming the Mass into an oratorio. An Italian text (whose author remains unknown, although Da Ponte is usually the most frequently suggested candidate for the role) was fitted to most of the Mass movements; new arias were composed, one each for the first soprano (Cavalieri, the first Constanze) and the tenor (Adamberger, the first Belmonte). Unlike the Mass, it is a complete work, rounded off with an elaborate fugue. But it is a problematic work: Tuesday's Prom constituted a rare revival.

In the last century, *Davidde penitente* (K469) was highly esteemed — Vincent Novello called it "a complete Cantata, or rather Oratorio, for the former is too modest a title for so elevated, elaborate and masterly a work." In ours, it has not gained currency. Einstein complained that "this *David* is an extremely self-contradictory work, for Mozart would never have written his powerful music to these words." Tuesday's performance inclined one to a position somewhere between both views. The words, formulating nebulous expressions of piety and devotion which bear no specific relation to King David, are not strong; but they seem not seriously ill-suited to the musical contexts in which they are placed. On the other hand, the musical underlay of the words is consistently awkward—rare indeed to discover in Mozart (who prided himself, justly, on his linguistic capabilities) such a crop of misaccentuations and inapt emphases.

The impact the work as a whole makes is much like that made by the C minor Mass itself — powerful, various, and stylistically disparate. It is rare to encounter a performance of the earlier "noble torso," as Einstein called the Mass, that successfully embraces both the grand severity of the choral movements and the rococo delights of the bravura solo writing; the problems in performing the oratorio seem no more (or less) insoluble. What both works require are vigorous choral singing, muscular but also supple conducting, and soloists capable of tackling the tremendous hurdles of the florid writing with something like ease in all three categories. Tuesday's performance was deficient, and as a result the revival was awarded less than convincing advocacy.

Michael Gielen, conducting the BBC Singers, Symphony Chorus and Orchestra, was prey to repeated bouts of "delicacy," of the kind often (and unfairly) deemed Viennese. In chorus and aria alike, the basic pulse was apt to wilt, or to trot mildly along, when firmness and vigour of spirit were the principal requirement. The orchestral playing was clear but lacking in energy, the choral singing too often bodiless and lacklustre—the sopranos in particular appeared to undertake expression of the opening phrase, "Alzai le flebili voci," with unhappy literalness. Of the three soloists, Ann Murray, in the *seconda donna* role, was the most consistent. Jennifer Smith undertook Cavalieri's music with an admirable and determined musicianship that failed to hide her basic unsuitability for showy, wide-flung vocal writing of this sort. In Adamberger's aria, Brian Burrows produced thin tone, and phrased without distinction. From all three there was a good deal of smudged, snatched, or aspirated coloratura.

This limp second half was a disappointment all the greater for following two Beethoven performances filled with vitality. The Choral Fantasia is a work no less problematic than Mozart's oratorio (its text, also hastily cobbled, was given in the programme, unlike that of *Davidde penitente*); but it was enthusiastically undertaken, and the result gave great pleasure. Much of this came from the ripe blend of finesse and rusticity with which the wind players shaped Beethoven's marvellous evocation of *Harmoniemusik*. Most of it came from Alfred Brendel, magnificently clear, forward, and impetuous in the piano solo. Brendel had begun the concert with an account of the E flat Sonata, op 7: this warmed after an uncertain start, to a gentle inward mastery of the music that seemed to shrink the hall.

Book Reviews will appear tomorrow

Lunchtime events at Arts Shop

A poetry reading by John Heath-Stubbs, a talk and signing by the writer of *My Fair Lady*, Alan Jay Lerner, and a talk on art criticism by Edward Lucie-Smith are among the forthcoming lunchtime celebrity events at the Arts Council Shop, 28, Sackville Street, London, W1.

Record Review

Mixed views on Handel

by NICHOLAS KENYON

Handel: *Acis and Galatea*. Jill Gomez (Galatea), Robert Tear (Acis), Philip Langridge (Damon), Benjamin Luxon (Polyphemus), Jennifer Smith, Margaret Cable, Paul Esswood, Wynford Evans, Neil Jenkins, Richard Jackson. The Academy of St Martin-in-the-Fields/Neville Marriner. Argo ZRG 886-7 (2 records)

Handel: *Acis and Galatea*. Norma Burrowes (Galatea), Anthony Rolfe Johnson (Acis), Martyn Hill (Damon), Willard White (Polyphemus), Paul Elliott. English Baroque Soloists/John Eliot Gardiner. Archive Produktion 2708 038 (2 records)

"My Dear Lord. Since my Last I have been at Canons with E. of Carnarvan who lives en *Prince* . . . he has a Choorus of his own, the Musicke is made for himself and sung by his own servants, besides which there is a little opera now a makeing for his diversion . . . The words are to be furnished by Messrs Pope and Gay, the musicke to be composed by Hendell. It is as good as finished." Thus Sir David Dalrymple, writing on May 27, 1718, and referring, without doubt, to Handel's *Acis and Galatea* which was written for James Brydges (Earl of Caernarvon and later Duke of Chandos) for performance at his residence Cannons, near Edgware.

This letter was published only some five years ago, and neither of these two welcome new recordings of *Acis and Galatea* seem aware that the piece can now be dated so precisely. "Circa 1718," says Archive: "probably written in the summer of 1718 and performed in 1719" says Argo. Which is a pity, as the original circumstances of *Acis and Galatea* are vitally important to both recordings, for in varying degrees they both attempt to return to the tradition of the first performances. Handel later arranged the work as mixed Italian-English pastiche, and then revised it for performances with full (by his standards) chorus and orchestra in 1739-40 and in Dublin in 1742; this version was published by Walsh in 1743.

In its original form, however, *Acis and Galatea* was intended for a tiny number of performers. The upper limit is set by Swift's statement that Brydges employed 24 musicians in 1719; the lower limit by the fact that the score *can* be performed by a mere 12 musicians. Only five singers are required, four soloists (Galatea, Acis, Damon, and Polyphemus), who were joined by another tenor (sometimes named Coridon) for the choruses. And seven players: two violins, two cellos, two oboes (doubling recorder) and harpsichord.

Neither of these new recordings uses so few musicians. In his notes for Archive, Wolfram Windszus doubts that the strings played one to a part, so there are eight violins. Neville Marriner uses what sounds like his full Academy of St. Martin's; and though his choruses are sung by soloists, they are a *different* set of soloists from those who take the named parts. The addition of a few violins is not a serious matter; but the modifications of the original scheme on Marriner's recording make for a curious compromise.

The "chorus" on the Marriner version consists of Jennifer Smith, Margaret Cable, Wynford Evans, Neil Jenkins and Richard Jackson; plus, for some reason in some places, Paul Esswood. This includes an alto instead of the third high tenor Handel intended, but the blend is good and the singing cleanly pointed. The effect is made more than a little ridiculous by accompanying these solo voices with sumptuous massed strings of the Academy — even though the instruments are placed far back in the echo chamber which passes for an acoustic. Moreover, the style of the chrous is in strong contrast to the style of the soloists.

Jill Gomez is an attractively warm, even sensual, Galatea, and her voice has a concentration which is most welcome. But it wavers too often, and there is little pastoral innocence in the interpretation. Robert Tear sings his heart out as Acis in a manner quite unsuited to Handel's style: the excesses are lovable but scarcely acceptable. His final, dying recitative "Help, Galatea!" is done with real insight, however; a pity that "Love in her eyes sits playing" is caricatured with such a vague approximation to the melodic line. Philip Langridge is a light Damon, effective but undistinguished: Benjamin Luxon blusters and booms as Polyphemus as if he were trying to emulate the Laughing Policeman. His singing dominates the record to great effect, but it tips the balance of the performance a little too strongly towards farce.

By contrast, the Archive recording treats Handel's music with immense seriousness. John Eliot Gardiner is not the most obvious choice for a conductor of a small-scale performance on baroque instruments, and at first there are fears that his familiar hard-driven rhythms will overwhelm the music, making the old instruments sound as near as possible to the Academy of St. Martin's. But the pace relaxes. The acoustic is close, and the balance generally good—though it changes occasionally, presumably for dramatic reasons.

Norma Burrowes as Galatea has the unaffected grace and lightness which the part demands; Willard White is a Polyphemus of subtle inflections and suppressed power, though he never quite achieves the intensity one might have expected from him; Martyn Hill makes Damon sound *no wetter* a character than he actually is; as the third tenor, Paul Elliott complements the choruses most effectively. Acis is Anthony Rolfe Johnson, a quite outstandingly good performance, full of the most precisely-controlled tender lyricism (in "Love in her eyes sits playing") and well-articulated virtuosity (in "Love sounds the alarm"); he surely is our most distinguished Handel singer for many years.

The cover illustrations of these new recordings show two versions of the same painting so different as to be almost unrecognisable—and that just about sums up the contrast between the two recordings, which is heightened by the sound of the instruments and by the conducting styles. The pungent baroque oboes (unusually well played) characterise the pastoral mood on Archive far better than the mellifluous sounds on Argo: though recorders murmur happily on both, and the Academy's strings provide a more smoothly flowing stream in the final scene. Gardiner excels at short-term excitement and characterisation in his conducting: Marriner achieves longer lyrical spans (in "When as the dove," for instance, which really moves) but allows under-stressed rhythms (such as the very sloppy dotted notes in "Galatea, dry thy tears") to give a feeling of blandness to the whole performance. Jane Glover's edition for Argo adds some imaginative ornamentation to the vocal lines, but Gardiner is one step ahead in following recent scholarly thought on the pacing of recitative cadences (which overlap with the singer rather than following on)—the treatment is too similar throughout, though the innovation is welcome.

Acis and Galatea is first and foremost a pastoral piece, a miniature masterpiece in the tradition of the masque. It needs no action to make it come alive—indeed, at Cannons, with soloists doubling chorus, it must surely have been performed as a tableau in a dramatic stage setting, with all the characters onstage throughout. *Pace* Jane Glover's sleeve-note for Argo, it is not an opera, nor should it be performed as such. It ends with that delightful pastoral device, the transformation of the dead hero into a live fountain; but in the middle, in the chorus "Wretched lovers" and the trio "The flocks shall leave the mountains," it reaches heights and depths of emotion which Handel was never to surpass even in later, larger pieces. Archive's recording shows more sensitivity to these special characteristics, and more faithfulness to the way in which the piece was conceived 260 years ago. In spite of the price, it must be recommended.

Jeannetta Cochrane

Soldier Boy

Peter Terson's 11th play for the National Youth Theatre is a modest, slackly organised exercise in group tension. A party of schoolchildren is on a field project in the Yorkshire Dales. Lolling around in their hostel common-room, they await the return of a teacher and fellow pupil, passing the time by strumming guitars and discussing the plump girl's output of romantic fiction.

The easy air of relaxation and cheerful banter is interrupted by the arrival of a soldier boy, a trained killer on the run whom Mr. Terson almost, but not quite, presents as a symbol of rough nemesis sent to shake up a cosy adolescent nest. As the mist rises outside, the telephone wires are cut and the soldier (Michael Roye) carries on about his deprived youth in an orphanage and his bitter resentment at society's ingratitude for his brutish vocation.

It all rings very loud, but not very true, for the dialogue is well below Mr. Terson's usual standard. The children are an awkward, irritating bunch and the soldier himself a repetitive bore who is either genuinely homicidal or just acutely disgruntled. We never really know, although there is plenty of vicious bullying and one murder.

Derek Seaton's direction encourages some good performances, especially from Brian Shelley as the schoolteacher, Hazel Ellerby as the hostel warden's wife who seems to have taken a trip across the Pennines from Coronation Street, and Janet Bostock as a timid girl whose progress through puberty has been hampered by sexual shock at an early age.

MICHAEL COVENEY

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 886341/2, 883897
Telephone: 01-248 8000
Thursday August 24 1978

Welcome to Toshiba

AFTER THE embarrassing row over Hitachi at the end of last year the Government must be hoping that the entry into the UK of another Japanese TV set manufacturer, Toshiba, will be accepted with good grace by the UK-owned companies and their trade union representatives. From a political point of view the Toshiba venture should be less easy to attack, since it involves a joint venture with an existing British manufacturer, Rank, and so can be said to preserve jobs which would otherwise be threatened by competition.

Virtuous

It is not clear why the preservation of existing jobs should be considered more virtuous than the creation of new ones, as the Hitachi plant would have done. The British companies argued against Hitachi partly on the grounds that it would have created new capacity in an industry which already had too much of it. But since the alliance with Toshiba will certainly make the Rank operation a much more significant contender in the TV set market, the impact of the deal on the rest of the industry, over the medium and longer term, is unlikely to be very different from that of the green-field plant planned by Hitachi.

The important point is that the Government's lamentable handling of the Hitachi affair has not, it seems, deterred other Japanese companies from using the UK as their European manufacturing centre. It is a characteristic of Japanese industry that when one company makes a strategic investment in a particular country, its rivals are quick to follow suit. This happened in the U.S., where first Sony, then the other TV set makers have in the last few years established manufacturing facilities, either by building new plants, or by acquisition, or, as in the case of Hitachi, by joint ventures.

When Sony and then Matsushita built plants in South Wales, it was reasonable to hope that the same process would take place in the UK and that Japanese companies, in this and other industries, would be encouraged to use this country as the base from which to supply other European markets. This has, indeed, been the Government's policy: Ministers have been spending the past year trying to convince the Japanese that the Hitachi episode was a special case and did not imply a change of attitude towards inward investment. If Toshiba's decision indicates that the Government's argument has been accepted in Japan, this is very much to be welcomed. One hopes that the flow of Japanese investment will now be stepped up, including, if possible, Hitachi.

Some British companies have warned that the Japanese are determined to achieve domination of the world electronics industry and that one step along this path is to kill off, by a mixture of exports from the Far East and overseas investment, the European and American TV set makers. This seems an unlikely scenario, particularly in view of the strength of some of the European and American companies in the field.

If Japanese companies manufacturing TV sets in the UK do a better job than the British-owned producers, they are entitled to a larger share of the market. Even if they eventually come to dominate the business—at present Philips and Thorn have about half the UK market between them—this would not necessarily be a bad thing for the British electronics industry. British electronics companies, as well as the consumer, should benefit from the presence of the leading Japanese manufacturers, just as investment by U.S. companies like IBM has brought considerable advantages to the UK.

New factories

The Japanese must be aware by now that their investment proposals need to be accompanied by some careful diplomacy; no doubt some errors of presentation have been made in the past. In this context joint ventures have obvious attractions. They may involve some penalty in terms of management control and manufacturing efficiency, but it is arguable that Japanese companies, most of whom have little overseas manufacturing experience, need a local partner.

The deal between Toshiba and Rank may encourage other companies to follow the same approach: if such arrangements incorporate reciprocal advantages for the British partner in the Japanese market, so much the better. But it would be highly regrettable if the joint venture became the only acceptable route for Japanese investment. New factories are just as welcome, however much the established producers may protest.

1866 and all that

IT IS now 112 years since the Exchequer and Audit Departments Act of 1866 set up the familiar but arcane machinery of Supply Votes, Supplementary Estimates, Appropriation Acts, and Contingency Funds, through which Parliament almost totally fails to control public spending. In the present era of cash limits and long-term planning this machinery is at length being overhauled: but not radically enough for the House of Commons Expenditure Committee, which in its 14th report, issued yesterday, again urged changes to help Parliament exercise some real control.

Speechifying

The objective is so apparently commonsensical, and the difficulties raised on the official side so technical and obscure, that it is easy to picture the Committee in Sellar and Yeatman terms as a Good Thing attacking a Bad King — an impression which committee members do nothing at all to discourage; but a detailed reading of their report presents rather a different picture. The battle is not over power, for Parliament has in theory the power to block Government spending proposals in detail in the course of 165 supply votes. This power has withered in the face of inflation, which makes any vote provisional and partly meaningless, the sheer boredom of the financial detail (and lack of operational detail) contained in the resolutions, and party fractiousness. The Opposition many years ago appropriated Supply Days to harry the Government in general, and supply votes are hurried out of the way so that the serious business of speechifying can begin.

Since the objective is not so much to change the Constitution as to give MPs enough red factual meat to get their debating teeth into, it is natural that the Committee should be concerned largely with procedure and presentation. The Committee's basic perception is that the Treasury rules unhampered by enveloping its potential critics in a lethal cloud of boredom, and this is what the Committee wishes to disperse. Unfortunately its own language is hardly riveting, and its recommendations are longer on statements of laudable objectives than in detail of how they are to be achieved. It wants figures to monitor the efficiency of the Government service and the effectiveness, in terms of output of service, of its programmes, but there is little about the difficult conceptual problems involved in such audits.

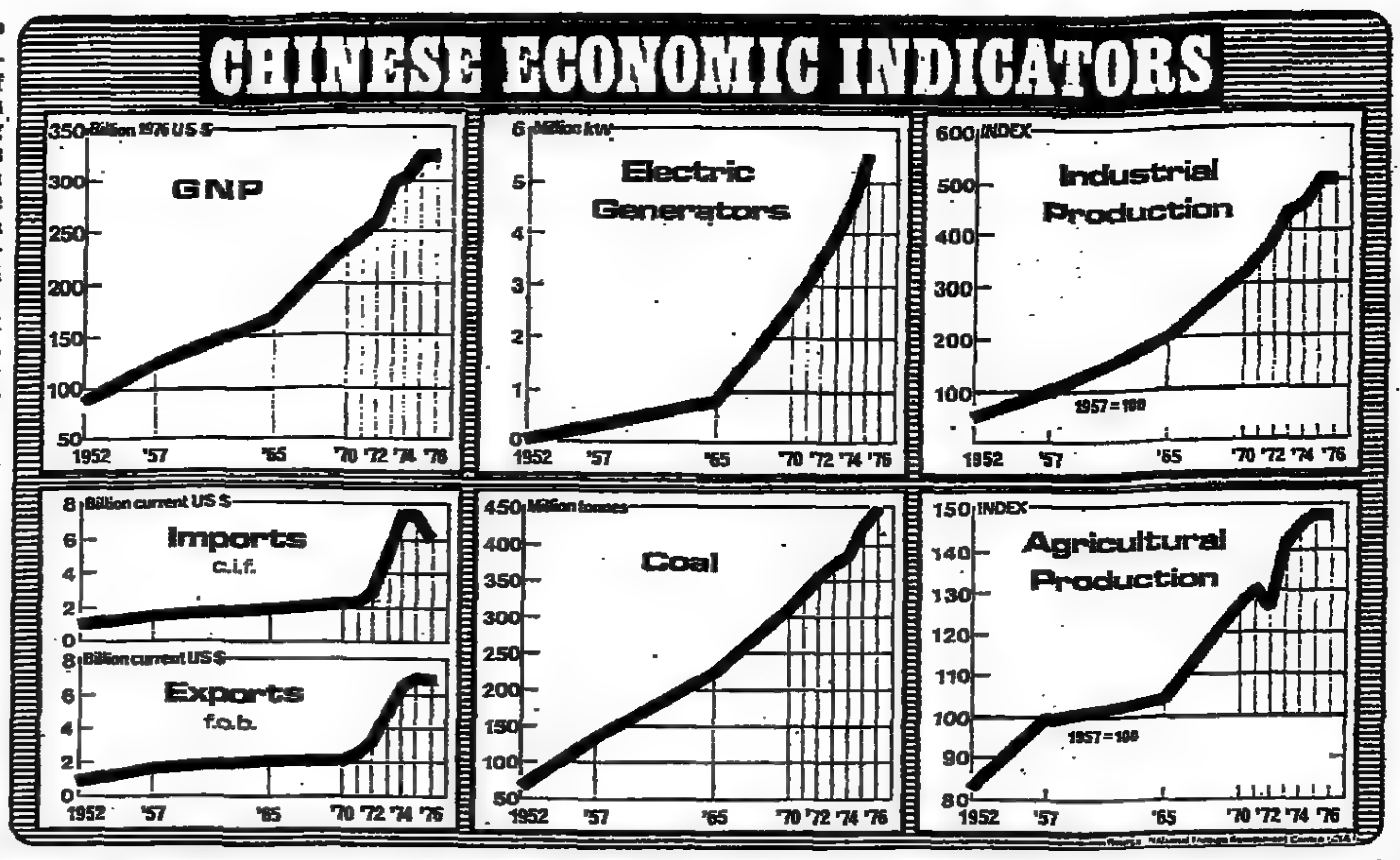
This gap will not readily be filled, for as is made clear in a readable outside comment from Mr. David Heald, of the Glasgow College of Technology, the difficulties in producing "meaningful" information are intractable and inherent in the business of government. At a time of uncertain inflation, figures stated either in real or financial terms must be provisional and somewhat ambiguous: the greater the effort at precision, the more technical and boring the result.

Candle-ends

Finally there is a philosophical problem. The fashionable language of zero-base budgeting, cost-effectiveness and efficiency audits argues that every programme should be radically reviewed every year: but the reality is that most programmes have a long history and a long future, and, are probably much better controlled by a little judicious pruning than by continually pulling them up by the roots. The candle-ends approach has a long history and a worthy one; it keeps public servants on their toes without making them feel wholly insecure. This idea may not appeal to a committee of would-be Galahads, but it is the likeliest outcome of their efforts to make expenditure control comprehensible, if not exactly sexy, and it is an achievement worth the struggle. Parliament spends much of its time in far less useful ways.

The brakes on China's drive for growth

By DAVID HOUSEGO, Asia Correspondent



THE CHINESE leadership lacks nothing in boldness. Behind the broad goals of the eight-year development plan that Chairman Hua Kuo-feng laid before the National People's Congress in March there lies an attempt to put the growth rate of the Chinese economy on to a higher long-term trend than recent historical experience would suggest is possible.

China's leaders have not spelled it out quite so bluntly. But the aim is implicit in the scale of the plan, in the seriousness attached to the oft-repeated intention of transforming China into one of the world's major industrial powers, and above all in the urgency now apparent with which Peking is hastening on new policies and decisions.

In pushing for such rapid modernisation by opening up the country to Western ideas, technology and finance, the leadership is undoubtedly taking great risks, in particular Vice-Premier Teng Hsiao-ping who has pressed for this policy most strongly. Mao's emphasis on self-reliance and Spartan living struck a deep chord of xenophobia and puritanism in Chinese culture. There is no knowing what the repercussions will be of large numbers of Chinese travelling abroad and of a potentially much greater influx of foreign technicians and tourists into China.

The magnitude of the economic task can easily be shown. Grain output—the key indicator in agriculture—expanded by just over 1 per cent a year from the 1930s to 1974 and by 2 per cent a year in 1952-74. The slow pace was partly due to the disruptions of war and political upheavals, but it also reflects the very real difficulties of getting increasing yields from a limited area of cultivable land. Production in the last two years has been virtually stagnant at about 285m tonnes. Grain imports for 1977 and 1978 are likely to reach a combined record total of 15m-18m tonnes.

Against these figures the 4-5 per cent annual increase of agricultural production for which Chairman Hua is aiming looks enormously ambitious and is probably unrealistic. It is on the success of agriculture that the pace of growth of the rest of the economy depends. In 1975 agricultural exports accounted for two-thirds of foreign exchange receipts, while imports of agricultural produce absorbed nearly a quarter of import payments. Agricultural products such as timber, cotton, and fruit provide the raw materials for light industry from which the bulk of state revenues derive through profits or taxes. The feeding of a population growing annually by about 1.5 per cent depends on the rural sector. Its inability to meet both export and domestic demand is reflected in periodic shortages of foodstuffs in key towns like Canton.

The leadership has declared that agriculture will get a larger proportion of investment in the current plan. But it is equally clear from an appeal to the provinces to make suggestions as to how agriculture can be improved that the Government is undecided what to do. There is obviously greater scope for more mechanisation, fertilisers, high-yielding seeds, and multiple cropping patterns. But the high yields in Japan and South Korea have been achieved with the help of pricing policies and patterns of ownership now alien to China.

Plenty of spare capacity

Industry achieved an average annual 10 per cent growth in 1952-74 though this impressive rate conceals wide disparities between different sectors. Since then there has been the sharp recession of 1976-77 following the death of Chairman Mao, political and labour unrest in the major cities, and the earthquake that hit Tangshan in the north. Industry appears to have almost recovered from this. Industrial output is likely to rise this year by 15-20 per cent. There is none the less plenty of spare capacity in both heavy and light industry, and production in some sectors like steel is still below earlier peaks.

Against this background there should be no trouble in meeting Chairman Hua's target of a further annual 10 per cent increase of output during the next eight years. The puzzling feature is that China would seem to be seeking a far more substantial rate of growth. In his same speech to the National Congress Chairman Hua said that China would be investing more over the next eight years than it did during the whole period since 1950 and went on to list 120 major industrial projects. On both American and Japanese estimates the implied total investment is about $350bn in 1977 prices. Even allowing for some hyperbole that would suggest that unless the rate of increase of output is higher than the past trend rate of 10 per cent, then the inflationary pressures from such a volume of investment would be large.

Peking is already apprehensive of rising inflation both as new wage increases are translated into higher purchases and as people spend their savings on new goods available though still in short supply. The older generation of leaders have evil memories of the high inflation rates of the 1930s when the Kuomintang was in power. The assumption must be that the Government is looking to higher levels of output in consumer and capital goods though it has been cautious in making its estimates for three main reasons.

The first is the difficulties China could have financing an investment programme of this magnitude. Figures are inevitably hazy, but it would appear that the 1977 state budget provided about $25bn-$30bn for economic construction including national defence. With the bulk of revenues coming from the sale of light industrial products, a major expansion of the budget would depend on substantially increasing earnings from this source. This in turn depends on a steady increase of agricultural raw materials (cotton for textiles for instance) and delicate political decisions about the pricing of consumer goods.

In Peking foreign observers often express themselves surprised by the apparently high level of savings many Chinese accumulated during the Cultural Revolution when consumption of so-called luxuries was taboo. But last month Hsinhua, the Chinese news agency, reported that bank deposits were 15.7 times greater at the end of 1977 than in 1952. But that would only make them about $8bn, equivalent to 2 per cent of plan expenditure.

A second reason for caution is the shortage of foreign exchange. A 10-20 per cent annual increase of exports would only give China accumulated foreign exchange receipts on trade account of $100bn-$160bn over the eight-year period. After normal outlays little of this would remain to buy capital goods. Hence the Chinese are making a major effort to push tourism (two Hong Kong hotels are to help improve their hotel management); to remittances from Overseas Chinese; and to receipts from invisibles like banking.

Efforts to improve export performance suffer from the shoddiness of the goods and the sluggishness of world trade. For the key period of 1980-82 when their trade deficit is likely to be substantial as they take delivery of major imports of capital goods, the Chinese are clearly looking to foreign loans to tide them over. Beyond that their apparent hope lies in increasing sales of coal and off-shore oil. But as yet they do not know what they will have available, or its quality.

The third cause for caution is the physical bottlenecks that have held back production in the past. Steel production is not expected to surpass its 1973 level of 26m tons until next year. Imports this year are expected to be about 8m tons. Behind this there lies a sad tale of mismanagement, poor quality iron ore and labour unrest in the steel towns of Anshan and Wuhan.

Two key sectors

The purchases that China is making in Germany, Japan, and (potentially) Britain of steel-making and coal-mining machinery suggest that the Chinese are giving—as they say—first priority to improving supplies of steel and electric power. Coal accounts for about two-thirds of their energy supplies. These two key sectors have to be tied into reviving the whole sagging infrastructure of power generation and transmission, rail transport, port and harbour development, and heavy engineering.

All these efforts to impart new momentum to the economy are being pressed against a background of diminished but continuing political squabbling both in Peking and the provinces, which has left an uneasy stalemate between rival power factions. About a quarter of the top 400 leaders in the country have been removed since the fall of the Gang of Four. Teng would clearly like more changes but is resisted by Chairman Hua.

Labour agitation has declined, but standards of plant management and productivity are low. Teng's message to China is that it is a backward country and many Chinese seem happy to repeat it. The potential for improving efficiency and output is enormous. Changes are coming, but slowly. It will take time for managers to accept the role that Teng wants to impose on them of making them fully responsible for an enterprise's operations. Many prefer to hide behind the collective responsibility of the revolutionary committees that have been officially abolished but in many cases have survived. Bonus schemes have been officially introduced but their implementation lags well behind. Equally slow to trickle down is the proposal for factories to be more specialist in their output.

The 10 years of the Cultural Revolution so disrupted the school and education system that about 100m people received only rudimentary training. New university entrance standards have been introduced but the effect will only really be felt when new textbooks are brought in as well. It is in part to make up for some of these deficiencies that the extraordinary step has been taken of sending abroad for training next year about 10,000 students. Hsinhua recently revealed that two-thirds of the workforce had taken up their jobs after 1966. That means that they cannot have had much schooling and know less about the disciplines of work.

Teng's popularity is based on his appeal to the widespread desire for higher living standards and for a respite from the dramas of political agitation. He is an old man impatient to see changes and his standing will depend on fulfilling the expectations he has aroused.

In the past his abrasive open style has made him enemies. He faces opposition from established party cadres who see their positions threatened by his return to power. Managers feel uncomfortable about the responsibilities thrust on them, often without the resources to carry them out. Older intellectuals feel they have seen too many changes to be convinced as yet that under Mr. Teng the 100 flowers will really bloom. There is no way of judging the backlash that could be caused by a sudden influx of foreign ideas.

The fact that Teng was purged twice suggests that he could be purged again. That he was twice rehabilitated is a sign of his resilience. He now seems determined to put his strength to the test by achieving what Chairman Mao never realised—an increase in the long-term growth rate of the Chinese economy.

MEN AND MATTERS

The system beats the system

My heart r-- The collection of parking tickets in my drawer suddenly seemed to have soared in value as I learnt that in Canada they would be deductible for tax purposes. This strange situation follows a ruling in the Federal Court of Canada that fines—in this case on a -[illegible]cking company—could be set against its tax bill. The judge set two main conditions, that the fines were clearly incurred for the purpose of earning income and they were not for "outrageous transgressions of public policy."

This ruling has Revenue Canada in knots. Now seeking to come to terms with the courts, it has published its own guidelines. These include that the fines should be a "normal risk of carrying on business," that the fines should be "inevitable," that the breach of the law should not result from negligence or deliberate disobedience, and that the breach must not endanger the public.

Canadian pundits suggest that a parking ticket obtained while making a business call could thus be deductible. When I asked the British Inland Revenue whether they would treat matters in the same charitable spirit I was rapidly disillusioned. "That is just not good enough," the Revenue told me with a snort of disdain. "Breaking the law to be more competitive or make more profits has never been allowable." Never ever? I questioned, to be told never since 1915 when the Commissioners took the issue to the courts. A firm, Alexander von Glehn, claimed for its fines for selling materials to Germany—and won.

Chastened, I wrote out my cheque to the police. Claiming on my parking tickets suddenly seemed tantamount to committing treason.

"Oh, that's in case MPs get control of the Contingency Fund."

Piped identities

Addresses like "Four houses past the mosque" do not satisfy the unromantic demands of white-hot British technologists bringing the West to the Middle East. While adequate—till now—in countries without postal deliveries, such directions confuse computer people, who wince at finding a locality can be spelt four different ways, and become despondent to discover people are unsure when they were born, and vary their date of birth as the fancy takes them.

Another headache, says a systems analyst trying to make a population index on the Gulf, is names: "A country where 8 per cent of the people have the same name can be a bit of a bind." The answer to his troubles was not so much blowing in the wind as gurgling in the water pipes. "By a stroke of luck I discovered every house had recently had running water installed," he says. "Every water pipe has a meter, every meter has a number, and—jackpot—the number has a logical number derived from the relationship to the main pipes. I am now able to use one of the most highly-structured address systems in the world." I can only assume that the sum of human happiness will increase a jot or two as a result.

Brass in junk

However buffeted the U.S. dollar has been in the West, out in the Orient its country cousin the junk dollar is doing fine. "Junk" is not a comment on its quality, but comes from the sailing boat on one of its faces. And if even that explanation does not inspire confidence, I will mention that each one is made of pure silver and is worth about US$6.

The first junk dollars were made by the Royal Mint in 1880 and were used for inter-cantonal and international trading. Apparently no one could understand the different currencies of the Chinese cantons.

Spink's tell me they are now auctioning a British design for the 1929 dollar. The pattern was not a success—the Chinese Emperor ordered his dollars from the mint in Philadelphia that year. But Spink's expect about £150 for the pattern — all of which suggests that even junked junks are keeping their value.

Selling high

The public relations firm Daniel J. Edelman grabbed me by the telephonic lapels yesterday to enthuse about having bagged Concorde for a product launch. The product? "Consumer-orientated," they said, leaving the field wide open. Could it be Concorde itself, I mused, that they were selling? "It will be at the peak of its field, a leader," they went on, adding that this was the very first time Concorde had been up for charter. The chances of such a thing being repeated were slim, they said. There weren't many opportunities when the plane was available.

British Airways raised a casual eyebrow at all this. "We can always squeeze these things in between maintenance programmes," one spokesman said blandly. It seems one British newspaper has flown competition winners to the U.S. And just before the Edelman licence starts, 100 regulars of a Berkshire pub are to go for a two-and-a-half hour "spin round the bay." The pilot will be one of the pub's regulars who, I am reassured to hear, was one of the plane's first pilots.

Edelman said they could not divulge what they were paying for their "unique situation," but it was "pretty expensive." I can reveal that the normal rate is £7,000, though the pub regulars may qualify for a staff discount.

New harness

With petrol so expensive it is good to see that lowly stalwart of other days, the ox, making a comeback. Roy Jenkin and his son, Trevor, have just broken in what they believe to be the only working pair of homebred oxen in the country. Jenkin says they behave impeccably even in the noisiest traffic. Which is perhaps just as well given the hooting traffic jams they are likely to cause if they ever switch from carnival drays to inter-city commerce.

Nice seals

Gallahers assure me that the recent change in shape of the seal on Benson and Hedges pipe tobacco is purely coincidental. Its coffin-like form began to depress one of my pipe-smoking colleagues, who has been reassured by its new oblong shape. Coffins had nothing to do with it, said Gallahers: "It's just that an oblong seal looks nicer."

Observer

هكذا من الأصل

ECONOMIC VIEWPOINT

Pay policy: the 'German' delusion

EN THE two main political ties, and especially their so-ed moderate wings, are near eement on a common ian it is time for the critical zen to be extremely picious.

Both Labour and Conserva- leaders have been feeling ir way towards something y call the "German system pay determination." This is n as a compromise between rigidities and distortions of sent incomes policies and -interference in pay bargain-. The White Paper in July ted at this when it looked ward to "a long term roach in which collective gaining is based each year a broad agreement between ernment, unions and ployers about the maximum el of earnings which is com-ible with keeping inflation der control in the following months."

The Shadow Chancellor, Sir offrey Howe, in a statement de in reply went into more ail. He claimed that the plication of cash limits for vernment spending and of netary targets was bound to d "to an estimate of the pe for total increases in ."

"The estimated total pay nponent in the economy," Geoffrey said, "can and uld be expressed in terms of *average*. It must not be ought of as a 'norm,' still less a norm for settlements han average earnings always ch a higher figure). Nor uld it be thought of as a ximum, and *least of all* as a nimum—whether for earn-s or for settlements."

Other establishment bodies ve suggested that a forum ould be established for such an educational incomes policy, such as NEDC or a House of Commons Select Committee. But although the institutional details would be different, the model is very much the so-called system of "concerted action" in West Germany, and one of the more intellectual under-currents of the election campaign may be a contest between the two large parties to establish that "I am more German than thou."

Illiberal

But alas for the com-promisers, it is not possible to paper over the differences between pay controls, and not having pay controls, by any such formula. The Liberal policy of permanent statutory controls is at least coherent, although misguided and profoundly illiberal.

It has always seemed to me that the practical import-ance of the German institu-tional machinery is much exaggerated by its admirers. As Christian Tyler pointed out in an article in the Financial Times on August 14, the German unions have actually boycotted the concerted action committee during the last year. The success of Germany's anti-inflationary policy lies else-where, in monetary policy and the rising D-Mark.

There are in any case three crucial differences between Germany and the UK. First there are fewer unions and bargaining units in Germany. Secondly, earnings there correspond much more closely to negotiated settlements and to official rates—"drift" is much smaller. Thirdly there is more respect for authority, more conformism, and a more consensual atmosphere in the Federal Republic. (One only has to look at the way the main economic institutes come together to present a united report each year.)

The result is that an agreed national figure is much less likely to act in Germany like a British "norm"; that is to be a minimum upon which a higher structure of actual earnings will then be erected. There is no logical link in the UK between a conditional forecast or target for permissible average wages and the actual pay of individual men and women. Such a link can be forged in an emergency by decreeing uniform increases for all, but can never be a long run system. As for the implica-tions of a monetary target for wage restraints, they are far from clear cut; and assessments by independent academics, or the advisers to the negotiators, will carry at least as much credence as anything put out by Whitehall.

The unfortunate officials, charged with the job of publish-ing a figure of the average scope for pay increases will be caught in an unenviable dilemma. Knowing the British tendency to treat an average as a minimum, they will be tempted to cheat and proclaim a figure less than that which is really consistent with their monetary policy and anti-infla-tionary objectives. That is what the present Government has done with its 5 per cent wage target. The trouble with this course is that no one is fooled—does anyone expect 5 per cent pay rises? Moreover a deliber-ately dishonest pay objective would frustrate the supposed object of a better understanding of economic realities by those engaged in wage negotiations.

Alternatively, Whitehall can publish a would-be realistic figure of the average scope for pay increases. In that case it would certainly be exceeded. The result would then be that either unemployment would rise, or the Government would be forced into an upward adjust-ment of monetary and fiscal objectives and have to contem-plate a downward slide of sterl-ing—precisely the dilemma which the compromise "German type" policy is intended to avoid.

Nor is it correct that cash limits force the Government into setting wage targets. The best course, if these limits are to survive, is to adjust them in line with the actual—not the desired or the forecast—course of inflation in the whole economy. Any attempt to use them as a battering ram for wage restraint will lead to the ill-fated results of the Heath "N Minus One" policy. The best motto for the public sector pay is "neither a leader nor a laggard be": in addition, trouble will be avoided if as small as possible a proportion of the public sector wage bill is deter-mined by central government and if the nationalised indus-tries are treated as part of the market sector.

* * *

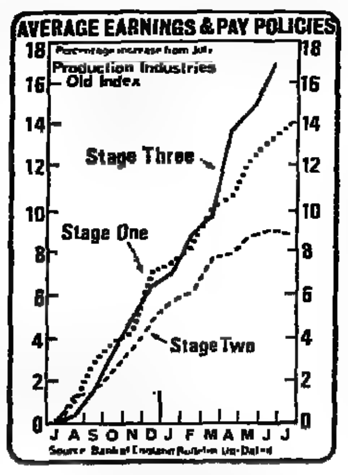
"I fear the Greeks even when they come bearing gifts." For similar reasons one should beware of economists when they offer evidence which refutes their own theories.

In the August National Insti-tute Review there is an article by S.G.B. Henry and Paul Ormerod which pretty well tears to shreds the conventional justi-fications of pay policy. Their main finding is that incomes policies, over the period 1961-75, had no effect whatever on money wages. Some policies have pro-duced a temporary reduction in wage inflation. But wages in the period immediately following the end of the policies were higher than they otherwise would have been, and those in-creases offset any restraint achieved during the operation of the policy.

That is pretty strong stuff to appear in what is almost the house organ of the economic establishment, and it was pre-ceded by a suitably embarrassed editorial foreword. But having paid tribute to the Institute for publishing unwelcome research, and to the honesty of the article, one still has to ask critical questions.

The wrong way of doing economic journalism is to change one's approach to funda-mentals with each new econo-metric investigation. Anyone who does this will become dizzy from the rapid proliferation of contradictory results from different researchers. Modern statistical testing has in no way resolved the disputes of the old verbal economics, but has simply transferred them to a different — not necessarily higher—plane. It is only when a succession of tests by investi-gators of different outlooks and using different methods points to clear-cut conclusions that one should alter one's theoretical stance—and then only if the results can be fitted into a coherent account free of para-doxical or counterfactual results.

It is only possible to make a statistical investigation of the effects of incomes policy on wages if one has a theory stating at what level wages would otherwise be. The theory of the Henry-Ormerod investi-gation is the "real wage frustration" one. This states that trade unionists have a fixed real earnings increase target; and if this is not satisfied they will obtain higher money wage increases in an attempt to catch up.



Despite its popularity with some academics, this is a very strange theory of wage deter-mination and an even stranger one of inflation: and indeed the authors say that since 1975 there is some tentative evidence that "the target set for real net earnings and the speed with which earnings move to this target have changed." It had better have! For the per-sistence of a real wage target which the country could no longer afford after the oil price explosion would have led, on the mechanism postulated, to hyperinflation and economic collapse.

There is, however, a more fundamental reason why the National Institute investigation is not conclusive. The hypo-thesis investigated is that pay policies determine the rate of *inflation*. But the interesting hypothesis—and the one used by the more sophisticated defenders of incomes policies—is that incomes policy can reduce the rate of *unemploy-ment*. It is supposed to do this by persuading union leaders not to use their powers to price members out of work and thus allow wages to be set at a more nearly market-clearing level.

UNEMPLOYMENT IN OECD AND UK

Unemployment ratio in %*

	Main OECD Countries	U.K.
1962-73 average	2.8	2.4
1973	3.0	2.8
1974	3.3	2.9
1975	5.4	5.1
1976	5.4	7.0
1977	5.4	6.9
1978 (first quarter)	5.3	6.6

* Weighted average on common definition.

Source: OECD Economic Outlook, July 1976 and July 1978

Changing

The *prima-facie* evidence is that pay policies have had the opposite effect. The pay policies adopted from 1975 onwards have not as a matter of fact prevented unemployment soaring towards the 1½m mark. Any initial suc-cess they had in depressing *average* real wages below what they would otherwise be in a union-dominated labour market has been pretty well reversed by the Stage Three rises. As for *relative* wages, the very uni-formity of the pay norm is bound to push them even further away from competitive levels in a changing labour market.

The NIESR Review also con-tains an article by A. J. H. Dean on differentials. He claims that pay policies have had little effect here as well. But all the tables in the article are in terms of very broad aggregates, such as relative earnings for the various deciles, or the ratio of skilled workers' to labourers' earnings in large industrial classifica-tions. The distortions which matter are between different firms and establishments or even within them, and between different occupational skills. Moreover, Mr. Dean freely admits that his investigation hardly takes in the compression of differentials for management and executive grades. When one adds to this continued price and dividend controls and the dis-tortion of every aspect of policy range from taxation and ex-change control to labour law and industrial policy, to keep the unions sweet for pay policies, it is sheer evasion to suppose pay policy is a harmless plaything.

It would be interesting to attempt some formal tests of the influence, perverse or otherwise, of pay policy on unemployment. The National Institute authors report the well-known difficulty of finding a significant relation between unemployment and money wages—which is not sur-prising as the relation is transi-tory and rapidly changing. This certainly does not mean that we can have any level of demand for labour we like by boosting total spending. Why not instead go the other way round and, in-stead of measuring the effects of unemployment on money wages, try assessing the effects of wages on unemployment: and do so in terms of real rather than money wages? Maybe such investiga-tions will be the econometric growth industry of the coming year or two.

Samuel Brittan

Letters to the Editor

Conservative figures

om the General Secretary, e Labour Party.

Sir,—In his report on the ck Page of August 21, Richard ans, your Lobby Editor, otes Mr. Angus Maude, puty chairman of the Con-rvative Party, as saying that ly about 15 per cent of Tory nds come from industrial com-nies. According to research ne by the New Statesman, oted industrial companies dis-osed that in the year 1977-78 ey had contributed to the nds of the Conservative Party sum of £748,000 and to British ited Industrialists the sum of 50,000. These figures may be the low side since there may some company reports which re not researched into. Apply-g Mr. Maude's 15 per cent rmula the total income of the nservative Party Head Office st year would be £4.98m, if you clude the contribution to I, or £7.98m if you include is figure. It has on many casions been stated, and I think t challenged, that most, if not of the BUI money goes to the nservative Party.

These figures, for a non-elec-on year, are bound to be con-derably less than the Conserva-es will receive in an election ar. When company accounts 1978-79 are published and searched the full extent of the ries' election fund will be own. Based on Mr. Angus aude's 15 per cent and past perience, I estimate it will be tween £12m and £15m.

In order to preserve this gross equality of funding, the ties will be even more deter-ned in future to oppose the te aid enjoyed by most poli-al parties in Europe and the ited States of America.

n Hayward.
nsport House, ith Square, SW1.

Microelectronic engineering

om the Deputy Divisional rector, National Enterprise ard

Sir,—Mr. R. Toeman (August) has misunderstood the situa-n concerning the National terprise Board's interest in new British microelectronics mpany, Inmos. The NEB holds, d will continue to hold, a jority interest. There is no estion as Mr. Toeman alleged. Messrs Petritz and Schroeder lding 35 per cent of Inmos ares at any time in the future. rthermore, and quoting from r Press release of July 22: When investment in the com-ny reaches the level currently visaged, the founders and the ture employees could hold up 27.5 per cent of the voting ares in the company."

mes G. Simmons.
18, Grosvenor Gardens, SW1.

Allied's bid for Lyons

om Mr. J. M. G. Andrews.

Sir,—The proposal (August) by the National Association Pension Funds to requisition meeting of Allied Breweries areholders to approve (or herwise) the takeover of J. yons could introduce a further ndition in the offer subse-ent to those in the formal nouncement of terms on gust 4. Such a step would appear to be a breach of the takeover code. Whereas few would query the wisdom of such a condition in the original offer, to insert it now appears to bring shareholders' rights under the Companies Acts in conflict with the Boards' obligations under the code.

It might be helpful to share-holders of Allied Breweries in deciding whether to support the NAPF move, if the panel would make known the consequences to Allied Breweries, or to its Board, of such a breach.

Michael Andrews.
1, Surrey Street, WC2.

Retailing's structure

From the Managing Director, Cannon Rubber.

Sir,—You pose the question, in your editorial of August 15 on the rise of imports into the UK, as to "why we should per-form worst where others might hope to do best — in our own patch."

I have long thought it would detailed research to be done on the structure of the British retail trade as compared with that of our major trade competi-tors: this may be one of the major reasons for the pheno-menon you describe.

We have probably the most sophisticated and import orientated retail sector of any country in the world. The ease with which the foreign sup-plier can approach the highly competitive retailer here and gain access to a very concen-trated market here for his pro-ducts is in my experience unique except for the Swedish market; in every other market that I know of there is a complete absence of one or two dominat-ing sales outlets in a trade in the manner that the pharmaceu-tical, shoe and textile trades, for example, are dominated by one or two retailers in this country.

Presumably the difficulty of measuring this factor has inhibited economists from researching this topic — but if we are to get to the root of the problem you pose, such research is surely a necessity.

Robert Atkin.
Ashley Road, Tottenham, N17.

Gas terminal in Fife

From the Co-chairman, Aberdour-Dalgety Bay Joint Action Group

Sir,—Permit me to make three or four comments on an other-wise very objective article by Kevin Done (August 18) on the controversy over the building of a liquefied gas facility in Fife, Scotland.

The nearest homes to the pro-posed gas terminal (which would be one of the largest in the world) are only ½-mile and not 1½ miles away. The plant at Qatar which blew up in April, 1977, had been designed and built by Shell and was frequently quoted in the course of the public inquiry as a fine example of a modern plant incorporating all the "fail-safe" devices known to technology. A second similar plant—partly owned by Exxon—blew up in Abqaiq Saudi Arabia, in April, 1978. In the light of these and recent disasters in Spain and Mexico and the abysmal record of tanker acci-dents, it is clear that the best standards of the industry are not good enough to protect the pub-lic. We are not against the de-velopment of such, but against the indiscriminate siting of it.

It is very misleading to cast Shell/Esso into the role of an innocent party caught up in the middle of a controversy. They are not the victims but the per-petrators of the whole contro-versy — through a dismal lack of proper planning and a dis-regard for the interests of others.

The proposed developments in Fife would not today be approved in the U.S. because of the enormity of the potential hazards. The question surely is how can Shell/Esso in all good conscience take advantage of a lack of pub-lic awareness of the dangers in the UK, to push through such a hazardous project rather than work on a more remote and safer location.

P. D. Mehta.
Barns Cottage, Aberdour, Fife.

The whole truth . . .

From Air Vice-Marshal M. H. Le Bas.

Sir,—I wonder if I am alone in hoping that we may in future be spared the hypocrisy and the sight and sound of trades union leaders proclaiming their sincerest regrets at any incon-venience the public may be experiencing because of a strike they themselves have organised. Often, they protest, "there was no alternative."

Would it not be most refresh-ing to hear just once: "We are on strike because we want more money; putting you, the public, to all this inconvenience, mone-tary loss and sheer frustration is our way of displaying our power and putting pressure on our employers. Until we succeed, you'll have to lump it!"

M. H. Le Bas.
Pasture Farmhouse, Dinton, Aylesbury, Bucks.

Hedging and ditching

From Mrs. R. Epps.

Sir, — Is it common sense to use machines on our road verges and hedgerows when we have a great army of unemployed? Surely some of these would find enjoyment in the work and could be taught how to use the scythe and billhook. The machines are very costly in price and upkeep and often break down, and the few men trained to use them have to hang about waiting for the overhaul. Councils have a moral responsibility towards their unemployed and here are jobs staring them in the face.

R. Epps.
Governor's House, New Romney, Kent.

A bonus for incompetence

From Mrs. J. Haigh.

Sir, — Mr. S. Banks — 'Funds for the entrepreneur', August 11 —is quite right. Those with initiative and enterprise will find loan funds available, where there is confidence in their ability.

I know of one subsidiary com-pany, sold for the proverbial song by the holding company; subse-quently three successful com-panies have been formed by ex-employees, and are operating profitably. In two other cases in the same firm, senior executives have set up their own companies, without government aid.

The present Government's 'handouts' to companies whose directors have brought about their decline, so as to necessitate a rescue operation, is merely a bonus for incompetence. It will have serious consequences, both by encouraging inefficiency, and by the erosion of morale in middle management. After all, if members of middle manage-ment can be dismissed for in-competence, why should those at the top, with the highest rewards, be immune from blame?

(Mrs.) J. M. Haigh.
Ashcombe Park, Cheddleton, Leek, Staffs.

The price to the farmer

From the Managing Director, Fountain Farming.

Sir,—It is to be regretted if the general public is led to believe—via Food manufacturers in two-way squeeze, August 18 —that the cause of depressed profitability in the food manu-facturing industry was, and I quote . . . "(as a result of) increased raw material prices, due to the adjustment to the EEC Common Agricultural Policy. . . ."

The article, admirable as it was in stating the case for the Food Manufacturers Federation, omitted completely to mention the first link in the food chain, *the farmer*. It implied, however, that farmers were receiving too high a price for their pro-ducts relative to costs for the food processors/manufacturers to make the necessary margin that is so vital to every industry if it is not only to survive but progress, too.

To highlight but two important products, milk and vegetables. The retail price of milk has more than doubled in the past three years thus keeping pace with inflation. The price that the milk producer receives has increased in this same period by just 25 per cent, to the current figure of 5½p a pint compared with the 12½p at which it retails. John Cherrington, in his admir-able article, coincidentally appearing in the same edition of your paper, did highlight the current squeeze.

In the case of vegetables, the farmer growing on contract has had to suffer a reduction in acre-age of between 20 and 40 per cent and a price the same two years running at a time when his own inputs have increased by approximately 17 per cent. For 1979 we are budgeting on an increase in our total costs of 14.5 per cent and an increase in returns of only 6 per cent.

The effect of this is already being seen in the quite justifiable cries of woe of the agricultural machinery manu-facturers and dealers who are already experiencing a serious cash flow crisis.

Sirloin steak costs about £1.75 per pound in Britain: it costs £2.83 in Germany: in Britain the worker spends one hour "earn-ing" his steak, in Germany only 41 minutes: the same ratio applies to almost every other food product.

The ramifications will continue until this nation can encourage its industrial society to become sufficiently efficient to enable its workforce to pay the correct price for its food. There is little doubt that the happiest place to be for all those in the food-producing chain is in a well organised, efficient, highly industrialised society.

Anthony Rosen.
Fountain Farming, Moor Hatches, West Amesbury, Salisbury Wilts.

Today's Events

GENERAL

Emergency meetings called by Amalgamated Union of Engineer-ing Workers' local officials cover-ing BL Birmingham factory of SU Fuel Systems and the Bath-gate truck and bus plant, near Edinburgh, in moves to end un-official strikes.

Representatives of the Trades Union Congress steel industry committee, under the chairman-ship of Mr. Bill Sirs, visits Bilston steelworks in West Midlands to hear workers' plans for preserv-ing jobs there and improving viability.

British Airports Authority seek-ing temporary injunction in High Court to stop Air India selling cheap stand-by tickets at Heath-row.

First National Leisure Drive in England giving signposted scenic tour of Teme Valley to be offi-cially opened by Marquess of Hertford, president of the Heart of England Tourist Board.

Statement by British Associa-tion for the Advancement of Science on plans for its annual meeting.

OFFICIAL STATISTICS

Car and commercial vehicle production (July—final). Bricks and cement production (July). Capital expenditure by manufac-turing, distributive and service industries (2nd qtr.—prov.) Manu-facturers' and distributors' stocks (2nd qtr.—prov.).

COMPANY RESULTS

Final dividends: Aeronautical and General Instruments. Palmer-ston Investment Trust. Scottish Investment Trust. Thames Ply-wood Manufacturers. Interim divi-dends: Allied Insulators. Blue Circle Industries. Fife Forge. House of Fraser. LEC Refrigera-tion.

COMPANY MEETINGS

Cocksedge, Ipswich, 12. Edbro, Charing Cross Hotel, W.C., 12. Philip Harris, Baron's Court Hotel, Staffs., 12. Howard Tenens Services, Great Western Royal Hotel, W., 12. Philips Patents, Grand Hotel, Manchester, 12. Sheffield Refreshment Houses, Kenwood Hall, Sheffield, 12. Somic, Lord Danesbury Hotel, Warrington, 2.30.

COMPANY NEWS

ASDA profits checked by static second half

AN ALMOST static second half at Associated Dairies, producing profits of £14.72m against £14.38m, left the company ahead by £2.26m for the year to April 29, 1978, with taxable profits of £26.2m. Turnover expanded by £107m to £536m.

Earnings per 25p share are shown as 15.67p (14.2p) and the dividend total for the year is effectively increased from 0.7744p to 0.86398p net with a final payment of 0.41598p.

The directors also propose to increase the authorised capital by £7.5m and to make a scrip issue on the basis of one ordinary share for every three ordinary, for every three partly paid, and for every three A ordinary shares held.

Pre-tax profit was struck after higher depreciation of £4.08m compared with £2.73m last time, and was after crediting a proportion of investment grants received.

Net profit emerged as £12.6m (£11.27m) after tax of £13.6m against £12.67m.

	1977-78 £000	1976-77 £000
Turnover	536,000	429,000
Depreciation	4,079	2,725
Profit before tax	26,202	23,941
Taxation	13,601	12,670
Net profit	12,601	11,271
Minority interests	8	8
Attributable	12,593	11,263
Preference dividends	19	19
Interim dividend	300	336
Final dividend	334	237

See Lex

Wearwell sees further rise in exports

The outlook for the current year at Wearwell, clothing manufacturer, is one of continuing buoyancy in exports and a more gently rising volume of sales to the home market, Mr. A. Nadir, the chairman, tells shareholders.

In 1977-78, exports amounted to over 40 per cent of sales and in the first months of the current year have risen to 65 per cent. While home trade is somewhat better than last year, it is the volume of exports and margins obtained from the overseas business that has spearheaded the recovery, says the chairman.

As reported on August 1 with details of the rights issue to raise £0.73m, profits before tax for the year ended May 5, 1978 rose sharply from £150,506 to £332,432.

The chairman is not making a profit forecast for the current year but says that sales for the first few weeks are nearly 100 per cent of the same period last year and orders mainly for exports are showing a healthy increase.

However the directors would want to see a return to liquidity and profit levels of 1975, before recommending a return to dividends. Meeting, 101 Commercial Road, E., September 14 at 11.05 am.

Butterfield Harvey confident

IN THE first quarter of the current year the trading performance of the Butterfield-Harvey group had been most encouraging, the chairman, Mr. S. A. Roberts, told yesterday's AGM.

The profit earned had been "markedly greater" than that achieved in the same period of last year.

Orders and sales had, in general, continued at an enhanced and satisfactory rate and "we are now reaping the benefits of the reconstruction work undertaken in recent years."

Unless some, at present unforeseen, industrial disturbance occurs I reaffirmed his confident belief that the group would in 1978-79 substantially surpass the achievements of last year.

In view of dividend legislation, the final dividend will be restricted to 1.24p.

McKay Securities ahead

GROSS REVENUE of McKay Securities improved from £1.15m to £1.29m for the year ended March 31, 1978, and pre-tax profits were £386,194 compared with £309,211.

With first-half profits showing a £48,000 rise to £102,000 the directors were expecting second-half results to be approximately in line with those of the first six months.

They now say that for the current year, lettings of vacant properties together with reversionary increases should sharply increase profits before tax.

Earnings per 20p share for 1977-1978 are shown at 8.91p (7.1p). A final dividend of 0.79377p lifts the total from 1.4p to 1.57554p and in view of the forecast profit increase the directors expect to recommend a substantially increased dividend for the current year, subject to the new dividend controls.

Tax takes £150,338 (£123,400) and after minorities, £1,203 (£7,635 credit) and extraordinary debits, £69,941 (£15,844) the profit balance is £164,712 against £171,602. Comparisons are adjusted for the new depreciation and deferred tax policies.

A revaluation of group properties as at March 31 this year revealed a surplus of £4.08m which has been credited to capital reserve.

Consideration is also being given to the possibility of a bonus issue or a capital split to improve the imbalance between share capital and accumulated reserves and the marketability of the shares the directors say.

Johnson Group more than doubled to £1.3m so far

WITH THE resilience of dry cleaning sales evident in the latter *half of 1977 continuing* and the workwear and towel hire operations expanding, taxable profit of Johnson Group Cleaners jumped 114.9 per cent from £625,164 to £1,343,339 in the June 30, 1978 half year.

Turnover, excluding VAT, for the period was £11.73m against £9.23m last time, and Mr. John Crockatt, the chairman, says trading in July continued to be buoyant in all parts of the business.

Capital investment is continuing at a higher rate than last year, with the increased finance partly by improved earnings and partly by the sale of surplus properties. Property sales contributed an £86,446 extraordinary profit in the half.

Mr. Crockatt says bank borrowings remained about the same as last year with the reduction in interest from £110,313 to £88,264 reflecting lower interest rates.

There was a tax charge this time for £181,000 (nil) which was reduced by capital allowances available on fixed assets and rental items purchased in the period. Net profit emerged at £1.16m (£0.63m).

The interim dividend is up from 1.2681p to 1.5p net per 25p share, which on a gross basis represents a 16.5 per cent increase. Last year a 2.623p final was paid on record pre-tax profits of £2.13m.

Mr. Crockatt says the Zerny business, which joined the group in January, is contributing to earnings and has begun to offer Johnson's workwear and towel hire services.

Results of Capital and County Laundries, which became part of the group on July 6, are not included in the half year figures.

	Half year 1978 £	1977 £
Turnover*	11,726,000	9,229,000
Trading profits†	1,163,778	482,107
Non-trading properties	245,189	240,700
Sundry income	21,636	12,670
Interest	88,264	110,313
Profit before tax	1,343,339	625,164
Tax	181,000	—
Net profit	1,162,339	625,164
Extraordinary profit‡	86,446	96,761
Dividends	208,781	177,829
Retained	1,040,002	544,096

* Excluding VAT. † After accounting for capital allowances. ‡ On the sale of surplus property.

● comment

Johnson's more than doubled interim profits are way ahead of market expectations of around £0.9m, and the shares after some "jitters" in the run up to the announcement rose 6p to 112p. These figures continue the trend seen in the second half of last year when consumer spending on dry cleaning registered an upturn, so growth in the current six months will not be so dramatic as in the first. More likely is second-half profits (including a first-time contribution from Capital and Counties) of around £2m — a third increase. *Dry cleaning is still the backbone of* the group but it is rental workwear which is the fast growing area (Johnson entered that market three years ago, three years after the move into towel rental). Profits from rental are "significant" but Johnson is not revealing how much until next year. Allowing for tax of £350,000 this year the p/e could be as low as five, and the yield is around 5.8 per cent. Adjusting Sketchley to *the lower rate of tax actually* paid and the ratings are more or less in line, but perhaps Johnson offers better growth in the rental area where it is still a relative newcomer.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corresponding div.	Total for year	Total last year
ASDA		0.42	Oct. 27	0.32*	0.87	0.77*
Richard Clay	int.	1.33	Oct. 9	1.04*	—	2.55*‡
English & Scottish	int.	0.6	Oct. 9	0.6	—	2.45
Johnson Group	int.	1.5	Oct. 1	1.27	—	3.39
McKay Sec.		0.79	Oct. 18	0.7	1.57	1.4
Victor Products		2.05	Oct. 9	1.84	3.38	3.03

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Includes second interim 0.0225p now declared, payable October 9

Westwood Dawes slips into losses

Reporting a loss of £7,186 for the first half of 1978, compared with a pre-tax profit of £78,314 for the corresponding period, the directors of Westwood Dawes and Company, structural and mechanical handling engineer, say they see little sign of a general improvement in industrial investment and *consequently do not anticipate any recovery in the full year.*

They add that they view the situation with great concern and every effort is being made to broaden the field of activity and stabilise the effect of the trading decline.

The workforce has been kept intact and fully occupied but, if the price of this is a loss situation, then there is a real possibility of reductions in personnel.

The provisions of the Employment Protection Act, however, makes this a difficult and costly undertaking, quite apart from the unwelcome nature of such action towards employees, all of whom have been extremely co-operative in this difficult period and very many of whom have long service records.

Turnover in the six months fell from £1.15m to £0.93m. After a tax credit of £3,736 (£40,723 charge) earnings per 25p share are shown to have fallen from 2.96p to 0.27p. The pre-tax loss was reduced by £9,591 holiday pay no longer required. *Profit for the last full year amounted to* £113,000.

Victor Products peak £1.2m

A SECOND-HALF profit of *£729,673 against £478,534 lifted* taxable profits of Victor Products (Wallsend) from £849,577 to a peak £1.21m for the year to April 30, 1978. Turnover was ahead by £1.7m to £8.03m for the full period.

After tax, ED 19 adjusted, of £147,567 (£172,436) net profit came out at £1.06m (£677,141) giving earnings of 27.85p (17.71p) per 25p share. The dividend is stepped up to 3.38p (3.027p) net with a final payment of 2.05p.

Also proposed are scrip issues of one new £1 preference share for every five ordinary shares, and one new ordinary share for every ordinary share held.

Victor is a light engineering company.

● comment

Pre-tax profits up 43 per cent left Victor Products' share price 23p higher at 233p: the preference scrip issue, which pushes the *yield up from 2.2 to just over 3 per cent, provided a further* boost. Since coming to the market in 1972, Victor's profits have more than quadrupled but last year saw the most dramatic growth. One special factor was the recovery of its Transtar subsidiary (control gear), which hit a bad patch during reorganisation. Elsewhere, however, the group's performance has been no less impressive. The coal mining industry accounts for some 70 per cent of sales (with the rest from *oil and petrochemicals)* and demand, especially from abroad, has been extremely buoyant. The main overseas markets are South Africa, the U.S. and South America while Victor also hopes to cash in on the new links with China. Two new factories have opened in the last couple of years and the company now comprises four separate divisions: connectors, lighting equipment, drilling and control gear. The current year is likely to see some *consolidation but the shares on a p/e of 8.3 are still good value.*

Halfway upsurge at Richard Clay

FOR THE first half of 1978, profits before tax of Richard Clay and Company, book printer and binder, increased from £768,064 to *£922,734 and* the directors say prospects for the second six months are favourable.

Turnover for the first half improved from £4.49m to £5.29m. After tax of £483,000 (£401,500) earnings per 25p share are shown at 4.89p against 4.07p and the interim dividend is effectively raised from 1.04p to 1.33p.

In view of the strong liquid position, high dividend cover and encouraging profit trend, the directors *intend to increase* the dividend this year by more than 10 per cent., if permitted.

A second interim dividend is also being declared of 0.0225p relating to last year to allow for the change in tax. In 1977, the dividend total was equal to 2.53112p on pre-tax profits of £1.64m.

The market for the two principal products continues strong, the directors report. The group has recently entered a *five* year contract with Penguin Books and a substantial increase in business is seen.

With a full order book, the future is viewed with confidence.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims:—Allied Insulators, Blue Circle Industries, Fife Forge, House of Fraser, Lec Refrigeration, Sedgwick Forbes.

Finals:—Aeronautical and General Instruments, Orme Developments, Paterson Investment Trust, Joseph Stocks, Thames Plywood Manufacturers.

FUTURE DATES

Interims:—

BICC	Sept. 5
Gibbons Dudley	Sept. 7
Lead Industries	Sept. 14
Liberty	Sept. 13
Matthew Wrightson	Aug. 30
Norvic Securities	Aug. 29
Robinson (Thos.)	Aug. 30

Finals:—

Cantors	Sept. 4

PROPERTY PARTNERSHIPS

The recent rights issue by *Property Partnerships* has been taken up as to 98 per cent. The balance has been sold and the net proceeds will be distributed to entitled shareholders.

Avana hopes to maintain current progress

THERE IS every prospect that the good start made by the Avana Group will be maintained throughout the current year, Sir Julian Hodge, the chairman, tells shareholders in his annual report.

Business is buoyant in all areas and the achievement in the first part of last year has been surpassed in the first months of this year, the chairman says.

The group's long association with Marks and Spencer continues to thrive together with the support of many other store names throughout the UK.

For the year ended April 1, 1978, profits before tax rose 37 per cent to £2.34m on sales up 23 per cent at £29.6m. Profits would have been reduced to £2.03m after adjustments for cost of sales, £100,000, depreciation, £363,000 and gearing £172000.

Trading conditions throughout the year were more stable and raw material price increases *slowed down assisted by the* improvement in sterling. The Jersey subsidiary progressed and exports were up by 35 per cent.

That company is branching out into new product fields and markets and is actively seeking expansion of its interests, Sir Julian says.

Capital employed in the business increased by about £2m to £9.33m and reflects the retention of undistributed profits of £900,000 and provision for deferred taxa*tion of £1.1m.*

The higher retentions have enabled the group to fund its increasing working capital, with stocks now standing at over £5.4m and debtors being £230,000 greater than last year, and still reduce its bank borrowings by over £1.5m over the year.

Capital investment continued at a high level with a total expenditure during the year of over £1m. In the past three years the group has invested over £2.3m in the re-equipment of its factories and at the year-end there were commitments either approved or agreed in outline for expenditure of more than £1m in the current year.

The assets backing for each ordinary share based on book value only is now 80p and the return on the assets employed in the business over 25 per cent.

At July 22 this year, Northern Foods held 8.05 per cent of the capital. Meeting of the group, cake maker, baker and confectioner, is at Cardiff, September 15 at 3 pm.

Braham Millar cautiously optimistic

At the AGM of Braham Millar Group Mr. R. B. Ogden, chairman, told members that he remained cautious about prospects beyond a few months ahead. And yet the strength of the company's share quotation supported the Board's general opinion that despite all difficulties the company would again surmount them.

Trading conditions remained little changed since last year. The same sluggish recovery in the construction industry, the same or even worse recruitment problems, the same encouraging flow of orders with the same underlying doubt as to how reliable this trend really was.

ARLINGTON MOTOR

At the AGM of Arlington Motors Mr. N. C. N. Housden, chairman, said he believed the current half year would provide a satisfactory profit.

Unitech starts well but warns on 'cautious view' from U.S.

THE CURRENT year at Unitech, electronic components manufacturer, has started well, with demand for the first two months ahead of last year, Mr. P. A. M. Curry, chairman, tells members.

Although it indicates another increase in sales and profits he says that a cautious view is currently being taken of 1979 by the U.S. semiconductor industry. And, as a result, the directors would expect the percentage increase in sales for the 1978-79 *year to be lower overall.*

As reported on August 2 pre-tax profits for the June 3, 1978 year expanded from £2.1m to a peak £3.11m on sales of £33.76m against £26.57m. The dividend total is stepped up to 4.0315p (3.61p) net with a final of 2.5795p.

On a CCA basis pre-tax figure is reduced to £2.85m (£1.46m) after additional depreciation £329,300 (£285,000), cost of sales adjustment £82,300 (£601,000) less a gearing factor £135,000 (£333,400).

Mr. Curry says the main contributors to the improvement in the electric component marketing division were Celdis, and Walmore Electronics, both achieving record profits. New franchises obtained during the year, together with ones the group already holds makes the division one of the largest suppliers of microprocessor components and systems in Europe.

The significant improvement in the component manufacturing division was due to the record results of Rathdown Industries, he states, and by H and T Components. Rathdown's site, at Ascot, is to be redeveloped, the chairman says, and a new 27,000 square feet factory will be completed by May 1979.

All companies in the electronic equipment and sub units increased their share of profits, the major rise being from Weir Electronics. The group acquired Brookes and Gatehouse for £800,000 with effect from June 5, 1978 and the chairman says the directors see this as a logical step in the development of Unitech's technology: Brookes manufactures small boat navigational equipment.

In the industrial controls sector of the group record profits were achieved by Appliance Components, Tempatron and Solid State Controls. Appliance, Mr. Curry says, has been particularly successful in penetrating the heating control market with its range of stop controllers and motorised valves.

Data Recognition, in the computer peripherals division, progressed further and reported sales over £1m for the first time.

Balance sheet shows total assets at £7.83m (£5.97m) with net current assets at £5.39m (£4.19m). Net liquid funds decreased by £118,000 compared with a £312,000 increase.

BP to consolidate Sohio results

British Petroleum Company is to consolidate results of Sohio in its accounts following the attainment of a majority voting interest in the company on June 16.

When BP reports its second quarter results on September 7 the figures will for the first time include Sohio's income on a consolidated basis, and the figures will be adjusted in line with UK and BP accounting practice. The first quarter results will also be retrospectively adjusted on the same basis, with the effect that the £8m included for Sohio as an associate company under other income will be boosted to £13m, lifting BP's first quarter net income figure to £85.6m.

As at July 9, BP's shareholding in Sohio was 51.2 per cent, and it earned the majority stake as a result of sustainable net production from Sohio's Prudhoe Bay properties reaching 450,000 barrels a day.

The principle accounting differences between BP and Sohio concern stock valuation and deferred tax. Sohio in the U.S. is permitted to value its stocks on a last in, first out basis (LIFO), but BP will revalue stocks on the UK basis of first in, first out (FIFO). U.S. accounting standards also require full provision for deferred tax, while in the UK, BP no longer provides for tax where it can be demonstrated that there is a reasonable probability of it not becoming payable in the foreseeable future. Sohio's tax provision will be adjusted accordingly.

GMS expects higher sales and profits

Turnover up 23 per cent to £3.14m and profits ahead nearly 30 per cent to £84,154 are reported by Gloucestershire Marketing Society for the first half of 1978 and Mr. G. W. Revill, the chairman is looking for turnover to exceed £5.5m and profits of £150,000 for the year.

The improved first-half results stemmed from increased volume and improved margins in all sections of the business, the chairman says.

Last year, profits before tax of £117,635 were achieved on sales of £5.15m.

هكذا من الأصل

MINING NEWS

Australian Gold Fields out of the red

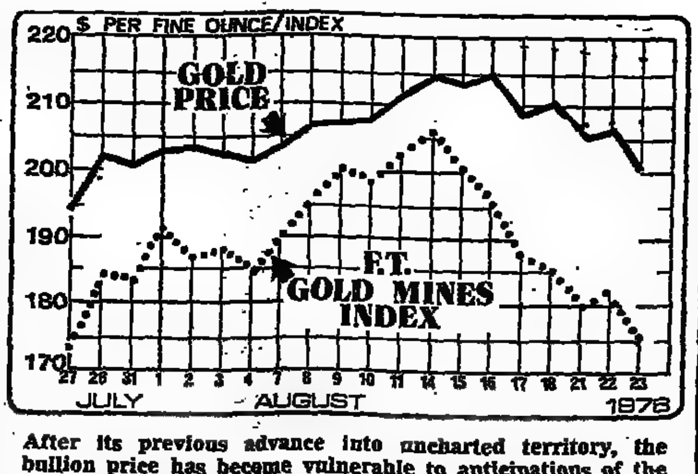
BY KENNETH MARSTON, MINING EDITOR

'HANKS to its Renison tin and ellambi coal subsidiaries, the onsolidated Gold Fields group's onsolidated Gold Fields Austra- a has moved out of the red 1 the year to June 30. A net roup profit is reported of $7.02m (£4.18m) compared with loss of A$243,000 in the previ- us 12 months. A final dividend f 7 cents (4.2p) is declared, taking a total of 15 cents against cents.

On the other side of the coin, ssociated Minerals (mineral inds) and Mount Lyell (copper) uffered losses in line with the epressed prices for their pro- ucts. The Mount Lyell loss, how- ver, did not affect the group esult because of the provision aised in the group accounts last ear.

Mount Lyell is being kept go- ig by governmental subsidy and was reported from Canberra esterday that the Common- ealth and Tasmanian govern- ients will provide aid of up to $7.6m to Mount Lyell from Sep- ember 1 this year until mid-1980. hey will jointly guarantee this mount on an equal basis to cover ny cash deficit in the period, ith A$3.2m being provided nmediately.

As far as the current year is ncerned, CGFA reckons that oth Bellambi and Renison will ontinue to do well. No early eturn to profitability is expected ir Associated Minerals, but its onger term prospects have im- roved. Overall, the group's pros- ects are considered "promising, lthough clearly dependent on ie course of events in the major conomies of the world."



After its previous advance into uncharted territory, the bullion price has become vulnerable to anticipations of the U.S. at last taking firm action to halt the slide in the dollar. Yesterday gold plummeted to $198.35 per ounce at one time before closing $6.25 down at $200.375 following the news that the U.S. is to raise the amount of the metal offered at its monthly Treasury auctions from 300,000 ounces to 750,000 ounces beginning with the November sale; this equals an annual rate of 280 tonnes, compared with last year's total Western and Soviet world production of 1,366 tonnes. Gold shares, which have fallen more than bullion over the past 10 trading days, weakened afresh and the Gold Mining index dropped 7.2 to 175.2.

Oakbridge's profits at a new peak

ANOTHER profits record has been chieved by Australia's Oak- ridge mining, industrial and nance group. Pre-tax profits for ie year to June 30 have risen 1.8 per cent to a best-ever $8.03m (£4.78m) while the net rofit, after tax and minority nterests, comes out at A$7.84m gainst A$6.75m. An unchanged nal dividend of 6 cents (3.6p) iakes a total for the year of 2 cents compared with 11 cents 1976-77.

Tax on the latest occasion fell to A$147,000 from A$257,000, reflecting the benefit of prior years' losses plus reductions arising from the stock valuation adjustment and investment allow- ances. Coal sales in the past year rose to 1.33m tonnes against 1.17m tonnes while those of tin increased to 641 tonnes from 508 tonnes.

The company says that work continued on construction of the new Clarence colliery which Oak- bridge and British Petroleum plan to develop on 50-50 basis. Further details have been pro- vided to the New South Wales Government which has yet to approve the deal.

Meanwhile, Oakbridge is financ- ing the work but because of delays the first shipments of steaming coal will not be made before 1979-80. Under the proposal announced last November BP was to provide the next A$30m finance.

Oakbridge says that the levy of A$1.10 per tonne on coal exports from the south-western, western and southern NSW coal fields will adversely affect profits in the cur- rent year to next June. The levy is intended to meet the costs of diverting coal shipments from Port Kembla which is overloaded. Oakbridge were 171p yesterday.

ROUND-UP

An underground fire has been detected in the upper area near the No. 1 Shaft of East Driefon- tein Gold Mining at a depth of about 1,100m. The affected area is being sealed off. There have been no casualties and indica- tions are that loss of production will be about 15 per cent.

* * *

America's Discovery Oil plans to set up a pilot ore plant to process gold from its Dougbe Creek property on concession No. 2 in Liberia. The Korea Research Institute of Geoscience and Mineral Resources found 313 grams per ton of gold, 53 grams per ton of silver and 0.05 grams per ton of copper in a sample from the property.

BIDS AND DEALS

Tehidy accepts £2.2m South Crofty offer

BY TERRY OGG

South Crofty, the recently floated mining subsidiary of Saint Piran, yesterday announced a £2.2m agreed share offer for Cornwall based, Tehidy Minerals.

Terms are five South Crofty shares for every four Tehidy shares, which values Tehidy at 75p based on yesterday's South Crofty closing price of 60p. Arrangements are in hand to underwrite the offer so that Tehidy shareholders can elect to receive 70p a share cash. How- ever, the cash alternative is con- ditional upon the offer becoming unconditional and will be avail- able only up to the first closing date.

Earlier this month Mining In- vestment Corporation made a bid for Tehidy shares other than the 685,000 (approximately 23 per cent) it already owned. The offer was two Mincorp for every one Tehidy and was underwritten for a cash alternative of 64p. Min- corp's holding has since been in- creased to 25.8 per cent.

Saint Piran, which holds 65 per cent of South Crofty, has bought the Mincorp holding for 70p and intends to accept the South Crofty share offer. Mincorp has subse- quently withdrawn its offer. In the statement yesterday the Board of Saint Piran said it would use its best endeavours to ensure that the conditions of the offer are fulfilled.

The Board of Tehidy and its advisors, Kleinwort Benson, have stated that the terms of the offer are fair and reasonable and the Board has indicated that it pro- poses to accept in respect of its holdings totalling 370,850 shares.

WESTON-EVANS UNDERVALUED

Birmingham and Midland Coun- ties Trust said yesterday that it considered the offer by Johnson and Firth Brown for Weston- Evans to be inadequate, and will not accept in respect of its 42 per cent stake. It is advising other holders of Weston-Evans to "think most carefully" before accepting.

However, BMCT would "seriously consider" supporting an offer for Weston-Evans at a price which in its opinion adequately reflects the true value.

Meanwhile JFB continues to buy Weston-Evans shares in the market. On Tuesday it bought 40,000 at 159½p each.

SIMON EXERCISES OPTION ON CHEADLE PLANT

Simon Engineering has exer- cised an option to buy from Northern Engineering Industries the 50 per cent of Cheadle Plant Hire which it did not already own. The consideration was £0.9m cash.

The option to buy Cheadle was triggered by Northern Engineer- ing's take-over of International Combustion which was the parent company of Cheadle. The plant hire company was jointly operated by Simon and Inter- national Combustion from its foundation in 1964.

THREE INSURERS MERGE JAMAICAN BUSINESS

Prudential Assurance and Guardian Royal Exchange Assurance are merging their general insurance business in Jamaica with that of Royal Insurance, by both taking up a shareholding in the Globe Insurance Company of the West Indies.

At present Royal is the majority shareholder of this company, which is licensed to transact all classes of general insurance business in Jamaican territories. But the Jamaican Government has announced plans for the localisation of the domestic in- surance industry, which will require business to be placed with a local insurance company under which the majority shareholding is held locally.

The reorganisation of the Globe will enable these three UK insurers to comply with these re- quirements, with the majority shareholding being taken up by local interests.

All three companies have transacted business in Jamaica for very many years. Royal has operated through a local com- pany for nearly a decade, but Pru and GRE still operate on a branch and agency system. The transfer of business is expected to be com- pleted during 1979. The premium income after reorganisation will be about Jamaican $5-6m.

W. G. FRITH

The takeover bid from the privately owned Frith Foils for W. G. Frith, the aluminium foil converter, went unconditional yesterday with Frith Foils now controlling a 95.2 per cent stake in the company.

This follows an increase in the original bid terms from Frith Foils, which lifted its first offer of 70p a share to 88½p after criticism of the terms from Corinthian Holdings, which held a 2 per cent stake.

JOHN MENZIES

Negotiations have been com- pleted by John Menzies (Hold- ings), the Edinburgh-based whole- sale newsagents and retail chain, for the purchase of 31 shops from IPC Magazines. The shops are mainly in the south-east London area, where Menzies has few outlets.

PATANI PARA

Acceptances of the offer by Consolidated Plantations for Patani Para Plantations, other than 572,314 shares already owned, have been received in respect of 43,630 shares (91.34 per cent for which offer was made).

Consolidated Plantations now owns 99.56 per cent of Patani. The offer is unconditional as regards acceptances and remains open.

London Brick shows £1m rise in first half

FIRST HALF 1978 turnover of London Brick Company was up by over £10m to £52.75m and pre-tax profits rose from £5.61m to £6.72m. Profit for the whole of 1977 was a record £12.17m.

The directors state that since the spring there has been a surge in private housebuilding and some underlying recovery in the overall level of construction. As a result, brick deliveries to date have risen by 13 per cent over the same period last year and 200 million bricks have been lifted from the ground.

Margins, under pressure in the opening months of the year, have been restored they add, by an increase in prices which came into effect on June 1.

The subsidiaries within the Group have benefited from the rise in consumer spending and particularly from the buoyant market in home improvements, the directors state. They say they have made a significant contribu- tion to the overall increase in profits.

Pre-tax profit for the period included associate companies losses of £61,000 (nil) and was subject to tax of £2.44m, com- pared with an ED 19 adjusted tax charge of £2.72m. The attributable balance came out at £4.28m against £2.89m.

	Six months 1978 £000	Six months 1977 £000	Year 1977 £000
Turnover	52,748	42,667	91,354
Trading profit	8,254	6,628	14,597
Depreciation	1,000	883	1,890
Investment income	86	345	492
Interest charges	559	493	1,015
Assoc. cos. losses	61	—	10
Profit before tax	6,720	5,607	12,174
Tax	2,442	2,718	4,634
Attributable	4,278	2,889	7,540

● **comment**

Late last year London Brick took a gamble and built up its brick stocks to just under 400m — the highest on record — and the policy seems to have paid off. It has lifted 200m bricks since then resulting in a 15 per cent increase in deliveries in the first six months. Pre-tax profits are 20 per cent higher over the period and with a 9½ per cent price in- crease operative from the begin- ning of June, full year profits should be in the region of £14m- £15m. Although public housing starts are expected to fall from 132,000 to 125,000 this year there has been a surge in private house- building and since this type of building is more brick intensive it is clearly benefiting London Brick. The latest estimates sug- gest that private housing starts could be 22 per cent higher at 165,000. Meanwhile, the increase in consumer spending finally seems to be flowing through to the home improvement market (which should be good news for Marley) and the group's non-brick operations (just under a third of the total) have made a "signifi- cant contribution" to the overall increase in profits. At 76½p the shares yield 6.3 per cent.

Director leaves St. Piran main Board

Another director of the mining and housebuilding group, Saint Piran, is leaving the main Board of the company, making the third departure in nearly three months. According to Saint Piran's chair- man, Mr. W. J. R. Shaw, in his statement in his latest accounts, Mr. D. Smith will not be standing for re-election at the annual general meeting, "as he considers that he can best serve the interests of the group by concen- trating his attention on the group's housebuilding activities."

Mr. Smith became chairman of Orme Developments after Saint Piran acquired 22 per cent of the capital of Orme in July. Mr. Shaw explains that, "it is owing to his appointment as chairman of Orme," that Mr. Smith has decided to concentrate his attention on the group's housebuilding side. Meanwhile, Orme itself is the sub- ject of a £10m bid from the Comben Group.

Saint Piran's other housebuild- ing interests are concentrated in Milbury operating in the North West of England and a house- building division of Fairmont State in Thailand. Saint Piran holds a 43 per cent stake in Fairmont.

The other directors who resigned since the group's finan- cial year ended at March 31 were Mr. P. B. Adie (managing) and Mr. G. M. T. Jeffreys, who left on June 12 and August 9 respec- tively. No reasons are given in the accounts but the chairman says: "I would like to record my thanks for their work on the company's behalf." There will be three directors on the main Board after Mr. Smith steps down.

Referring to the purchase of 1m shares, in addition to the 22 per cent stake in Orme Developments, which should have triggered a full bid for the com- pany under the rules of the Takeover Panel, Mr. Shaw says: "These were subsequently sold under a ruling of the panel on takeovers and mergers. A cir- cular will be sent to shareholders in the near future."

Glanfield Secs. in bid talks

A bid may soon be on the way for Glanfield Securities, which has close links with the UDS department stores and retail concern.

The directors of Glanfield, who are also well represented on the UDS Board, yesterday asked for the investment holding company's shares to be suspended and announced that talks were currently taking place which might lead to a bid for Glanfield.

Mr. Bernard Lyons, chairman and managing director of UDS and a director of Glanfield— whose chairman is Sir Jack Lyons —declined to comment further on the possibility of a bid.

Glanfield holds just under 1¼m shares in UDS representing a near 1 per cent stake. At the suspension price of 305p Glanfield is valued at £8.3m.

The Lyons family and directors control more than 80 per cent of Glanfield which is a close company.

OLIVER RIX

"Your Board considers that progress in increasing turnover and margins would be impeded were your company to continue on its own," writes Mr. A. K. L. Stephenson, chairman of Oliver Rix, in the document relating to the merger with Manchester Garages.

"In spite of the improvement in profitability the overall borrow- ings of Oliver Rix are still unduly high in relation to its net assets," he comments. "As a consequence, funds available for expansion and the necessary considerable invest- ment in new and improved facili- ties are likely to be strictly limited."

Meanwhile, in a separate docu- ment sent to the shareholders of Manchester Garages, the chairman, Mr. R. A. Stoodley, writes that the directors believe that "franchise opportunities to broaden the geographical spread of our outlets by way of acquisition could be available following the merger."

PHOENIX MINING

Shareholders of Phoenix Mining and Finance will not be able to receive a cash alternative to the rights issue of shares in Globe and Phoenix Gold Mining Com- pany, as stated in yesterday's report.

The only ways shareholders might obtain cash would be if they could sell their rights, or if they exercised their rights and were able to sell Globe shares in the market at above the subscrip- tion price of 65p per share.

BOOKER AGAIN BUYS IN U.S.

For a consideration of $2m, Booker McConnell has acquired 80 per cent of Thermotics in Houston, U.S. Thermotics makes equipment for the oil industry, including steam generators and related equipment which achieve enhanced recovery in oil produc- tion by steam simulation.

The acquisition is intended to fit in with Booker McConnell's existing interests in this area held through its wholly owned sub- sidiary, Plenty Group. Certain products of Thermotics will be complementary and its ability to provide complete enhanced oil- recovery plants will be improved. Each company would provide the other with manufacturing facili- ties and marketing support.

The price of $2m represents five times the estimated earnings of Thermotics for the year ending September 30, 1978. The net tangible assets of Thermotics are some $1.5m. Mr. J. D. Kimmel, the president, who founded the company, will retain his 20 per cent interest.

This acquisition is the third by Booker McConnell in the U.S. this year. The others were in the mining equipment and health food industries, and cost $5m and $10m respectively.

SHARE STAKES

Bank of Scotland — Kuwait Investment Office has acquired an interest in a further 39,000 shares making total 1,979,000 (6.138 per cent).

Duport — Britannic Assurance bought 335,000 shares between August 9 and 16 and is interested in 3.56m (6.59 per cent).

Hammerson Property and Investment Trust—S. Mason and R. A. C. Mordant directors, as joint trustees sold 14,640 "A" ordinary shares on August 18 at 622p.

Capital and Counties Property— Union Corporation on behalf of itself and its wholly owned sub- sidiaries has notified as follows: On September 22, 1977, Unihold- ings Ltd. sold 50,000 units and on September 26 50,000 units. On August 21, 1978 Union Corporation (UK) bought 643,200 partly paid ordinary shares which on same date were fully paid and con- verted into units. Union Corpora- tion (UK) sold 643,200 units. Total share holding of Union Corpora- tion's subsidiaries on August 21 was 19.62m.

Anchor Chemical — Sartomer Inds. Inc. has bought further 50,000 shares making total 450,000 (15 per cent).

Danae Investment Trust—CSC Investment Trust has sold 350,000 capital shares reducing holding to less than 5 per cent.

Tomkinsons Carpets—Britannic Assurance bought 25,000 shares on August 15 and now interested in 235,000 (8.26 per cent).

W. J. PYKE LAPSED

Mr. D. B. Thompson's offer for the shares not already owned in W. J. Pyke (Holdings) has lapsed.

Acceptances have been received in respect of 3,330 shares, some 0.44 per cent of the capital. Prior to the offer period Mr. Thompson and his wife owned around 38.8 per cent.

SANGERS GROUP

Sangers Optics, a wholly-owned subsidiary of the Sangers Group, has acquired a retail optical busi- ness in Hampshire for £179,100.

The initial consideration of £135,192 has been satisfied as to £3,466 cash and 164,657 ordinary shares of Sangers. The balance will be satisfied by the issue of further shares.

OIL AND GAS NEWS

Drummondville well disappoints Soquip

BY ROBERT GIBBENS MONTREAL, August 23.

SOQUIP, the Quebec Government- owned oil and gas exploration company, has capped and abandoned its exploratory well near Drummondville, 80 miles north-east of Montreal on the south shore of the St. Lawrence.

—Soquip confirmed the well was drilled to just over 14,000 feet and found "interesting shows of gas." But after extensive testing, the company has decided the gas could not be developed at pre- vailing prices.

The well, costing nearly C$2m, was drilled in partnership with Dome Petroleum of Calgary, with Soquip as operator.

The St. Lawrence valley in the region just west of Quebec City is a gas-prone area. Soquip will start drilling an exploratory well in the Gaspe peninsula, 750 miles north-east of Montreal, in the next two weeks.

Depth will be between 8,000 and 12,000 feet. Partners may be taken in on this well later. The target is primary oil.

Several companies have done seismic work or have drilled in the region in the last 15 years, and oil has been found in small quantities, going back as far as before World War I. Gulf Canada has done the most recent work in the area.

* * *

Pacific Petroleum says it now has three commercial gas wells in the Elmworth area on the northern Alberta border with British Columbia.

One is a step-out to a discovery well, announced earlier, which flowed at 4.7m cubic feet daily. Pacific, in which Phillips Petro- leum of the U.S. holds a 48 per cent interest, owns 75 per cent of both wells and Great Northern Oil of Calgary 25 per cent. A third well has tested gas in two zones, Pacific said.

* * *

Both Chevron Standard and the Eastcan group have started drilling off the Labrador coast, using drillships.

The Hopedale E33 well is also backed by Petrocanada, the national oil company, and a group of private companies. It is being drilled to 2,300 metres about 100km north-east of Hopedale, on the Labrador coast and is located in a deep trench lying between the coast and the continental shelf, where a production well would be free from iceberg scouring.

The Eastcan group is drilling 160 miles north of Hopedale—the Skolp E07 well. These will be the only two wells likely to be com- pleted this season off the Labrador coast.

* * *

PT Caltex Pacific Indonesia says it has discovered oil in its opera- tional area in the province of Riau, eastern Sumatra.

A new well, Obor No. 1, located about 25 miles west of the Duri- field, produced 2,250 barrels per day from a depth of about 5,700 feet. PT Caltex is jointly owned by Standard Oil of California and Texaco.

* * *

Mobil Canada plans a $15m five-year pilot project to test recovery of heavy oils north-east of Lloydminster in Saskatchewan. The company estimates it has reserves in place of around 4bn barrels of oil in the area.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

NORTH AMERICAN NEWS

Dome widens Siebens offer

By Robert Gibbens

MONTREAL, August 23.

DOME PETROLEUM, which has emerged as the controlling partner in Siebens Oil and Gas after a C$360m deal in which it is being backed by the Canadian National Railways Pension Fund, said today that all other Siebens shareholders will be offered C$38.50 in cash per share.

Dome itself will end up with around 75 per cent of the Siebens assets. At present, the public stockholding in Siebens amounts to nearly 20 per cent of the 9.2m shares outstanding.

Hudson's Bay Company will have C$123m of non-convertible shares of Dome in exchange for its 35 per cent interest in Siebens. This 35 per cent interest will later be sold by Dome to Canpar, a subsidiary of the pension fund. The Siebens family will receive cash for its 46 per cent interest. Dome will pay for its assets stake partly in instalments from revenues generated by those asets and managed by Dome.

Analysts *confirm that* the Bay, by taking preferred shares of Dome, will delay payment of capital gains tax estimated at C$28m which would otherwise be due on the sale of its Siebens stock.

Since the dividends received on the Dome preferred will be tax-free, the yield is effectively more than 14 per cent to the Bay. The dividend will represent cash flow of more than C$8m a year and about 14 cents per share addition to earnings.

Sharp gain by Rapid-American

By Our Financial Staff

RAPID-AMERICAN put its recent heavy losses even further behind in the second quarter of this year, and Mr. Meshulman Riklis, president and chairman of the distilling, manufacturing and retailing group, now expects his earlier forecast of a 25 per cent earnings jump in 1978 to be exceeded.

At the halfway stage, net profits totalled $10.27m, a sharp contrast to the $8.34m lost in the same period of last year, while *earnings per share were $1.05* against a $1.19 loss.

As a result, Mr. Riklis is also recommending an additional 20 *cents dividend later this year.* Two months ago, it declared a payment of the same amount, its first since April, 1975.

Soaring sales at U.S. retailers

BY DAVID LASCELLES IN NEW YORK

WITH ALL the economic uncertainty *in the U.S., the retail* trade has come under closer scrutiny than usual this year for evidence of what the consumer — the ultimate economic trend-setter — is up to. Judging by sales figures for the first six months, he is spending hard. Most of the big chain stores reported large increases in sales by mid-year, and those that did not were usually able to give some special reason.

After a poor start due to the severe winter, business picked up sharply, and sales rises of 15 per cent or more were not uncommon for the large stores, much of this registered in the second quarter as people geared up for the summer.

Noteworthy increases were reported by the three retail giant, Sears Roebuck, where sales rose 11.5 per cent by mid-year, J.C. Penney, with a 20 per cent rise, and K. Mart, up by 16 per cent. Among the companies who reported stagnant or declining sales, Woolworth's 8.5 per cent was lower than the rate of inflation for the period and was attributed to currency fluctuations and other technical reasons. May Department Stores, which like Woolworth, ranks among the 10 largest, also had a sales gain of around 8.5 per cent.

Most stores agreed that the strongest trends had been in clothing of all kinds including sportswear, though individually they singled out good sales of various durables such as cameras, in the case of K Mart, bedding and food making equipment for May, and home appliances for J. C. Penney.

But though these figures had a broad economic interest, the industry *itself* was more concerned with its earnings which have in many cases showed spectacular gains quite out of proportion to the *rise* in sales.

A striking example is Woolworth, whose net income shot up one and a half times in the first six months of the year to reach $26.2m, despite the relatively slow growth in sales. Although part of this was due to Woolworth's complex international operations, which are not characteristic of the industry as a whole, the company's chairman Mr. Edward Gibbons, attributed it to a broad recovery from the depressed levels of a year ago.

More significantly, perhaps, Mr. Gibbons also reported that gross margins and selling, *general and administrative* cost ratios had been maintained or improved in "virtually all divisions."

This trend towards greater profitability is being maintained across a broad range of the retail business despite the pressures of growing costs and stores' vulnerability to consumer resistance or political interference at a time of high inflation. For instance, Gimbel Brothers, owned by BAT Industries, said that "substantial improvements in gross margins" were achieved, directly reflecting programmes being *implemented in all units.* Gross margins also improved at J. C. Penney, and were maintained at K Mart.

The notable exception is Sears Roebuck—the biggest of them all—whose earnings have declined this year despite the rise in sales. The Chicago-based chain's net income for the first half-year was $1.11 per share against $1.13 last year, a drop which it blames on higher pension and interest costs. However, it is also obvious from the figures that the most dynamic part of Sears' operations is not the retail side, but insurance, where its Allstate subsidiary increased its contribu*tion to earnings from* 60 cents in the first half of last year, to 71 cents this year, equivalent to nearly two-thirds of total earnings.

Sears' earnings problems and its relatively low profitability stem from the aggressive price-cutting campaign it launched at the beginning of last year to recoup some of the market share it had lost to K Mart and J. C. Penney. Judging by results so far this year, this has not *had* much effect. Sears' growth in sales of 11.5 per cent is well below its competitors', and its *earnings are slipping too,* suggesting that further remedial action may be required.

The big question for the retail *business now is whether the* boom will last. The answer depends on an analysis of consumer attitudes. Is he buying for *all he is worth before prices go* up, in which case there could be a sharp drop in spending later this year? Or does the rise in *employment and pay point to* more sustained outlays?

Outside the industry, people take the gloomier view. Consumer *polls tend to show declining* confidence and reduced spending plans. For instance, the New York Conference Board reported *today that its consumer confi*dence index had dropped by nearly four points to 88.8 (1969-70=100) in July and that *its index of buying plans crashed* no less than 30 points to 91.2, its lowest level since 1975.

But the retailers themselves are *optimistic. Their inventories* are high, and their store expansion plans ambitious. Typical of their attitudes are statements from two leading groups. Woolworth's Mr. Gibbons says: "While we continue to be concerned by inflation and its effects on the ability and willingness of the consumer to spend, we see no reason for undue pessimism, and are planning accordingly." At K Mart, Mr. Robert Dewar comments: "Despite the conflicting economic indicators, the favourable trends in personal income and industrial production con*tinue to provide reasons for a* positive outlook for the balance of 1978."

A notable exception to the trend towards greater profitability among the big U.S. store groups is Sears Roebuck, the biggest of them all. Despite a rise in sales, its first half earnings are down this year

RESULTS IN BRIEF

Deere margins still under pressure

NEW YORK, August 23.

DEERE AND COMPANY, one of the world's leading makers of farm equipment, turned in a better than expected performance during the third quarter, raising net profits by 7.7 per cent to $83.1m, or $1.38 a share. It also expects low dealer inventories to aid its production in 1979.

The earnings gain was despite a hefty rise in foreign exchange losses—the company makes a fifth of its sales outside the U.S.—to $8.1m from $2.5m in the *three months and to $23.7m* from $7.9m in the first three quarters, when earnings rose a more modest 5 per cent to *$219.9m, or $3.84 a share.*

Deere said its profit margins were lower than last year, and this is borne out by the sales rises of 13 per cent in the third quarter to $1.13bn and 13.5 per cent in the nine months.

In the electronics sector, Hewlett-Packard reported a rise in its nine monthly earnings per share figure to $3.51 from $3.13, *while analytic instruments* concern Beckman Instruments moved up to $2.70 from $2.00 for the year.

Also reporting *full year's* earnings, Cameron Iron Works turned in a sharply higher $4.80 a share compared with $3.12, *while Quaker Oats rose to $3.34* from $3.01.

In the first quarter Reliance Electric, a manufacturer of automatic systems and power equipment, lifted per share earnings from $2.27 to $2.90, and textbook concern Scott Foresman advanced from $2.12 to $2.37. Wal-Mart Stores, a discount operator, boosted its earnings at the half-way *stage from 59 cents to* 74 cents. Pollution control equipment concern Research-Cottrell announced a per share *earnings rise to $1.46 from $1.29* for the first nine months.

Westvaco, the paper and printing concern, suffered a slight drop in earnings during the first nine months to $40.97m from $43.3m, despite a third quarter *gain to $18.6m from $17.1m. On* a per share basis, the company earned $3.42 in the first nine months compared with $2.56, with a third quarter figure of $1.10 comparing with $1.01.

Agencies

A.B. Dick in anti-trust suit

SAN DIEGO, August 23.

A $70m anti-trust suit claiming a conspiracy in the office copying machine busines has been filed against Agfa-Gevaert of Belgium, A. B. Dick Inc. and Inleasing Corporation.

The suit has been filed in a U.S. District Court by Advanced Business Systems Inc. and Bondex Copy Systems, owned by Michael and Geraldine Daimond.

The dispute centres around copying machines manufactured by Agfa-Gevaert. The action contends that Advanced Business Systems and Bondex Copy were granted exclusive dealership rights in Orange and San *Diego counties in March, 1973,* that Inleasing became the exclusive distributor for machines and replacement parts, and *that in* 1974 A. B. Dick became exclusive wholesale distributor.

AP-DJ

Crane now enters Medusa bid arena

By David Lascelles

NEW YORK, August 23.

THE LONG struggle for control of Medusa Corporation, tthe Cleveland-based cement producer with annual sales of $250m, took a sudden turn today when a shareholding company which had objected to a previous merger came up with an offer of its own. This is the fifth merger offer Medusa has received in 12 months.

The new suitor is Crane, maker of steel speciality products, and the world's leading producer of industrial valves. It stepped in with an offer to buy a majority of Medusas's shares after the collapse of Medusa's earlier agreement to merge with Kaiser Cement and Gypsum. That agreement ended yesterday after a sharp rise in Kaiser's share price obliged *the company to revise its offer*

Medusa's Board met today to consider Crane's bid which involves a cash offer of at *least $47 a share* for a sufficient number of shares to bring Crane's holding up from its present 20 per cent to 48 per cent. Additional Medusa shares would be exchanged for Crane non-convertible and convertible preferred stock.

Medusa's shares have recently been trading between $42 and $44 on the expectation of a takeover by Kaiser. Crane itself acquired about ¼m *shares at $44 as a prelude to* today's offer, it revealed in a statement to the Securities and Exchange Commission.

Medusa's string of suitors began last year when Moore McCormack Resources, a Connecticut iron ore and freighting concern offered $38.50 a share, later raised to $43 a share. Medusa rejected this approach and turned instead to Oglebay Norton, a Cleveland shipping and mining company which proposed a merger worth $115m.

This offer, which Medusa favoured, was scuppered by Crane which had already moved tentatively towards acquiring Medusa for itself. But before it could move further, the Kaiser offer intervened.

Medusa, which rates among *the largest U.S. cement pro*ducers, has a reputation as a well-managed company with modern plant which makes it *attractive to takeovers. Its* earnings in the first half of 1978 rose 11 per cent to $2.5m, or 83 cents a share.

Mixed performance in first half at Internatio-Mueller

BY CHARLES BATCHELOR

AMSTERDAM, August 23.

THE Rotterdam-based trading company, Internatio-Mueller, reported an increase in net profit for the first half of 1978, but said this was largely due to extraordinary items and a lower tax charge. The company's operating profit was lower than in the same period of 1977.

It expects net profit in the second half to be about the same as the Fl 17.2m ($8m) in the past six months of 1977. It also repeated its forecast that profit in the year as a whole will be higher than the Fl 31.5m for 1977.

The performance of the trading division, which accounts for two-thirds of turnover, was little changed on the previous year. Despite a disappointing result from road haulage activities, the transport division's result was also similar.

Technical contracting fared slightly worse than in 1977, but the uneven spread of the completion of contracts throughout the year means that no conclusion can be drawn as to the likely result for the year as a whole. The losses of the industrial division were somewhat higher.

Internatio's operating profit fell to Fl 41.8m from Fl 42.1m in the first half. Extraordinary income rose to Fl 5.8m from Fl 2.1m, while the tax charge fell to Fl 8.4m from Fl 7.7m.

Profit at the net level rose 22 per cent to Fl 17.5m. Profit per Fl 20 nominal share rose to Fl 4.58 from Fl 3.53. Turnover was 4.5 per cent higher at Fl 1.73bn ($800m).

Six month setback at Thyssen Bornemisza

BY OUR OWN CORRESPONDENT

THYSSEN BORNEMISZA, the international industrial holding company, announced a decline in profits and turnover in the first half of 1978. Net profit fell 5 per cent to Fl 54.1m ($25m) from Fl 57.2m. Sales fell 7 per cent to Fl 1.55bn ($717m) from Fl 1.67bn.

The results in Europe reflect the unfavourable development of the Dutch and West German economies. All sectors in the U.S. improved their results, but the decline in the value of the dollar continued to affect the result in guilder terms.

The poor first half performances follows an 8 per cent decline in net profit in the whole of 1977 to Fl 111.1m, although sales were 19 per cent higher at Fl 3.1bn.

The company's U.S. activities, grouped under Indian Head, accounted for more than half of the concern's operations last year. It also recently added the *container leasing group Interpool* to its U.S. holdings.

EUROBONDS

$125m issue for Canada

BY FRANCIS GHILES

PRICES in the dollar sector of the market were steady yesterday in dull trading. In New York, *the $125m Yankee bond for the* Export Development Corporation of Canada has been priced at par with a coupon of 8.60 per cent *to yield 8.78 per cent.*

In the Deutsche-mark sector, turnover was higher than at the beginning of the week, while *prices edged up slightly.*

Trio Kenwood will be priced later today by lead manager Deutsche Bank. The same bank is also expected to announce the terms of the bond for Australia.

In the Guilder sector, Amro *Bank is arranging a Fl 75m* five-year bullet for the European Investment Bank. This bond carries a coupon of 7¼ per cent *and has been priced at 99½ to* yield

In the Swiss franc sector, a SwFr 50m private placement *convertible is being arranged for* Mitsu Osk Line Ltd by Swiss Bank Corporation. The indicated coupon is 3¼ per cent.

INTL. FINANCIAL AND COMPANY NEWS

Mexico plans to centralise borrowing

BY FRANCIS GHILES

MEXICAN Government sources yesterday confirmed plans aimed at consolidating the short term external borrowings of various public sector agencies by means of a large loan raised by the United Mexican States.

Neither the Mexican Government nor major banks likely to be involved in the loan would give any details of its likely size, nor of the probable maturity or interest rate.

Other banks suggested that it could well materialise at the $2bn which has been reported, and that on the question of terms, an element of a ¾ per cent spread over the interbank rate for a period of five years should not be ruled out.

The figure of $2bn would make this the third largest medium-term international bank loan ever, following the $3bn facility arranged by Canada earlier this year and the UK Treasury's $2.5bn in 1974.

Such a loan raises several major questions about Mexican borrowing policies. One is the extent to which such a consolidation would increase the difficulties faced by U.S. banks in coming up against ceilings on loans to Mexican borrowers: big borrowers like Mexico have tended in the past to split borrowing among as many agencies as possible, so that banks could claim that each loan should be treated independently for the purpose of the ceilings.

Another question is the extent to which the agencies concerned might resist attempts to centralise Mexico's borrowing. Hitherto the Mexican Government has exercised less control than other countries over the external borrowing activities of the public sector agencies.

CFP rights to raise $135m

By David Curry

PARIS, August 23.

COMPAGNIE Francaise des Petroles (CFP), parent company of the French Total oil group, is raising almost FFr 588m ($135m.) by a rights issue. This is believed to be the biggest capital-raising operation ever undertaken on the Paris bourse, and it has been made possible by the strong recovery in prices since the beginning of the year and, more particularly, by the Conservative victory in the General Election.

CFP is inviting shareholders—including the state which has 35 per cent of the shares but 40 per cent of voting rights—to subscribe for one new share for every four existing shares. The shares will be of FFr 50 nominal, with an issue price of FFr 10, which is a significant discount on yesterday's market price of around FFr 138 a share.

The operation should bring in FFr 587.8m since the major shareholders are committed to following it. The new shares will rank from July 1 and will qualify for half of the dividend for the current financial year. The issue will add about 5m to the company's outstanding 21m shares.

The new capital will permit CFP to restore the equilibrium between debt and equity which has been distorted in recent years by the need to finance an ambitious exploration programme by loans. The debt equity ratio was 34 per cent in in 1974, but was up to 45 per cent in 1977.

CFP ended the half year with a FFr 172m ($39.4m) net profit on turnover up from FFr 9.4bn to FFr 10.2bn ($2.3bn).

VMF-Stork in talks on link with RSV

By Charles Batchelor

AMSTERDAM, August 23.

RIJN - SCHELDE - VEROLME (RSV), Holland's largest shipbuilder, and the engineering group VMF-Stork, are to make a second attempt to co-operate on the manufacture of energy systems. The two companies, both of which are undergoing a restructuring following heavy losses, first announced they were holding discussions last September, but these were ultimately unsuccessful.

The Economics Ministry has now asked an outsider, Mr. H. M. van Mourik Broekman, a former senior manager at Akzo's salt division, to investigate the possibility of a link.

The two companies agreed with the Minister that co-operation in the construction and development of energy systems and services is desirable, but they were unable to agree in the first round of talks, the Ministry said.

Electrolux comfortably exceeds profit forecast

BY JOHN WALKER

STOCKHOLM, August 23.

ELECTROLUX, the Swedish household equipment group, increased pre-tax profit for the first six months of this year by SKr 100m to SKr 389m ($88m). This comfortably exceeds the forecast made at the company's annual meeting held earlier this year, at which it was estimated that the improvement in the net profit would be in the region of 10 per cent provided that there were no major additional variation in important currencies affecting the group.

Group sales for the first six months of this year totalled SKr 5.6bn ($1.3bn) compared with SKr 4.2bn in the corresponding period in 1977. Electrolux has been expanding rapidly abroad by acquiring a number of foreign companies, and these accounted for about half of the 33 per cent increase in turnover noted in the first half of 1978.

The expansion has been aimed at strengthening and consolidating the group's position. Acquisitions include the Husqvarna concern, which manufactures electrical household equipment and motor cycles. The Husqvarna group equity exceeded the purchase price paid by Electrolux, and in the consolidated account this has been set up as a reserve against which losses from the Husqvarna activities will be charged.

The parent company profit before appropriations and taxes for the first half of 1978 amounted to SKr 142m ($32m) compared with SKr 611m in the first half of 1977. Parent company sales amounted to SKr 783m ($180m) in 1978 compared with SKr 750m in the same period of last year.

Citroen to expand in Spain

By Robert Graham

MADRID, August 23.

CITROEN France is in the process of reorganising its Spanish operation and of increasing its direct stake. These moves appear to have been set in motion before the Peugeot-Citroen approach to Chrysler Europe, but they acquire an added importance as a result of that step.

The commercial operations of Citroen, essentially marketing and distribution networks, and the manufacturing operations are being merged into one company. Previously these were separate entities, the French parent holding 45 per cent of the manufacturing operation based at Vigo and 20 per cent of the commercial company.

These two companies began to merge in June, and the French parent then acquired a total of 54 per cent in the new company.

DOMESTIC FUNDING

Wessanen raising $23m

BY OUR OWN CORRESPONDENT AMSTERDAM, August 23.

WESSANEN, the Dutch food group, plans a Fl 50m ($23m) bond issue on the domestic capital market. This is the first Dutch industrial borrower to tap the public capital market for more than a year. Pakhoed, the transport, storage and property company, came to the market in April, 1977.

The Wessanen issue is for 15 years and carries an 8¾ per cent coupon. The issue price will be announced on August 29 at the latest and current market conditions indicate a price of around par.

Redemption will be in 15 almost equal annual instalments starting on October 1, 1979. Accelerated redemption is allowed at 103 per cent from 1988. Subscriptions open on August 31 for payment on October 2.

The loan will be issued by Wessanen Nederland and guaranteed by Koninklijke Wessanen. The management group is led by Amsterdam-Rotterdam Bank and includes Pierson Heldring en Pierson, Amro's merchant banking subsidiary.

The success of the recent state loan and the issue by the local authority bank, Bank Voor Nederlandsche Gemeenten, mean that conditions are favourable at the moment, market sources said.

Wessanen said that the issue is being made to consolidate short-term debt. Its 1977 sales rose 16 per cent to Fl 2.21bn ($1bn). Its five divisions are cocoa and oils, animal feeds, dairy products, flour and meat.

* * *

John Wicks adds from Zurich: The Swiss pharmaceutical company Siegfried AG, of Zofingen, is from August 24 to 30 to issue SwFr 20m ($12m) worth of 4 per cent bonds, the proceeds of which are to finance mortgage and short-term liabilities, and for new investments. The 12-year issue will be offered by a consortium led by Swiss Bank Corporation, Basle, at a price of 101 per cent.

Also on the Swiss capital market, the recent SwFr 50m bond issue by Dow Banking Corporation, of Zurich, at 3¾ per cent, was over-subscribed and bonds had to be rationed.

Reuter adds from Rome: Industrie Zanussi has raised L10bn ($11.9m) through the discount of bankers' acceptances with a group of eight banks, company officials said.

The bankers' acceptances are for six months, discounted at a spread over interbank money rates. Their issue follows a recent reduction in stamp duty on this type of operation.

Further losses by Garde-Temps

BY JOHN WICKS

ZURICH, August 23.

AN extraordinary general meeting has been called for August 30 by the Board of the Swiss watch company Societe des Garde-Temps in view of an auditor's report on the past financial year. In the light of a new loss by the parent undertaking in La Chaux-de-Fonds of SwFr 8.93m compared with the 1976-77 loss of SwFr 19.9m, the auditors call for an interim balance and for recourse to necessary corporate measures.

Last October the Garde-Temps reorganised its share capital to give a substantial net reduction following a 10 per cent drop in group turnover for the preceding financial year and a negative cash-flow of SwFr 13m. Corporate restructuring measures are now also foreseen, with the concentration of all watch activities in a single La Chaux-de-Fonds factory.

In the past financial year turnover showed a further slight decline. The U.S. subsidiary Waltham Watch was sold early in the year. Elsewhere outside Switzerland, sales in the UK did not develop according to plan—the group operates in Britain through Swiss Watch Corporation, of Leicester—while the Swedish company AB Svenska Urdepoten booked a large loss. Results of Sandoz Watch Company, Hong Kong, proved "excellent," however.

Societe des Garde-Temps, one of Switzerland's best-known watch concerns, produces and markets the watch brands Avia, Sandoz and Invicta.

VONTOBEL EUROBOND INDICES

14.5.76=100%

PRICE INDEX	15.8.78	22.8.78	AVERAGE YIELD	15.8.78	22.8.78
DM Bonds	105.08	105.09	DM Bonds	6.633	6.631
HFL Bonds & Notes	102.46	102.39	HFL Bonds & Notes	7.880	7.901
U.S. $ Strt. Bonds	99.41	99.07	U.S. $ Strt. Bonds	8.855	8.919
Can-Dollar Bonds	100.03	99.23	Can-Dollar Bonds	9.295	9.487

INTL. FINANCIAL AND COMPANY NEWS

JAPANESE BANKS

Back into fixed rate dollar loans

BY MARY CAMPBELL

ONE OF the first hard pieces of evidence that Japanese commercial banks have again started to provide fixed rate dollar denominated loans came yesterday with the news of a $25m 12 year loan for Metropolitan Copenhagen County. The loan is expected to carry a coupon of 9½ per cent and an issue price of 99½ with Daiwa (Europe)—one of the leading Japanese securities houses — as lead manager.

The interesting feature of the issue, however, is that it is apparently being placed with the offices of Japanese city banks (the big commercial banks) outside Japan.

In the 1972-74 lending boom, Japanese commercial banks provided a number of fixed rate loans in dollars for medium- and long-term maturities. In general they funded themselves with short-term deposits and, with the subsequent rise in short-term interest rates above the long-term rates, they found themselves refinancing these loans at a loss. This kind of lending stopped for some years, but there have recently been persistent reports that it has started again.

Some Japanese city banks deny that they have again started fixed rate lending in dollars for more than short maturities. However, others say that they have arranged such loans for sums running up to $20m or $30m.

"It is a kind of necessary evil," one bank says, "arising from the strategic importance of initiating negotiations with a particular borrower."

Some non-Japanese banks say that loans of considerably more than $20-30m have been arranged on a fixed rate basis by Japanese commercial banks.

The big question in the minds of many non-Japanese banks is the extent to which the Japanese central bank is recycling its foreign exchange reserves through the Japanese commercial banks.

One top Japanese bank said yesterday that while Japanese banks receive significant deposits from the Japanese Ministry of Finance (which are not recorded in the official reserves figures) these are all short term and are required to be used to support Japanese trading companies' importing activities.

According to this bank, Japanese city banks do not receive anything other than short-term deposits from the Japanese authorities, whether directly or indirectly, and indeed have to finance their medium- and long-term lending by borrowing money which has a maturity of at least a year and a day.

A recent relaxation by the Ministry of Finance regulations is not considered significant in this respect since all it does is eliminate money committed but not drawn down by the intended borrower from the restrictions on matching.

● Banco Nacional de Obras y Servicios Publicos (Banobras) will privately place a $50m bond in Japan this month with a Japanese syndicate of eight banks led by Sanwa Bank, Sanwa Bank said.

The 12-year loan with a coupon of 9¾ per cent will be priced at 99¾ per cent, Reuter reports from Tokyo.

Sanwa said this will re-open private placement of dollar-denominated bonds by foreign borrowers in Japan, which has been suspended since 1973 following a government ban to check Japan's balance-of-payments deficits after the oil crisis.

The ban was lifted in July last year, but the government gave priority to yen-denominated bond issues by foreign government and international organisations, it said.

Russell to raise R11m

By Richard Rolfe

JOHANNESBURG, August 23.

WITH THE South African economy showing modest recovery and expanding retail sales, the furniture group Russell Holdings, the largest in the Republic, has joined the long list of companies to take advantage of this year's buoyant stock market for a fund-raising exercise. It is to issue 1.1m of 11.5 per cent unsecured partially convertible debentures at R10 per debenture, to raise R11m.

Debenture holders will have the option to convert R4.50 of each debenture in to Ordinary shares on October 31 in each of the years 1982 and 1983. Conversion price is, therefore, 150 cents, which compares with the current share price of 148 cents. The R5.50 balance of the debentures, as well as any portion not converted, will be redeemed over 1987-91.

Analysts expect the issue to be well received, especially in view of the continuing decline in interest rates, with yesterday's 0.5 per cent reduction in bank rate to 8.5 per cent expected to set the pattern for bank overdraft rates lower by about 1 per cent from the current 12.5 per cent prime.

JAPANESE STEEL COMPANIES

Interim dividends in doubt

TOKYO, August 23.

FIVE MAJOR Japanese steel companies may pass their interim dividend payment for the first half of the current financial year due mainly to the sharp appreciation of the Yen against the Dollar, industry sources said.

The five companies are Nippon Steel Corporation, Sumitomo Metal Industries, Nippon Kokan Kaisha, Kawasaki Steel Corporation and Kobe Steel.

Concern about interim dividend payments mounted on the Tokyo Stock Exchange and share prices of these companies fell one or two points, following remarks made by Sumitomo Metal Industries' president Mr. Yoshifumi Kumagai.

Mr. Kumagai said it had become difficult for his company to pay an interim dividend.

The impact of the Yen's appreciation on Japan's economy was serious and it had slowed down Japanese exports of not only steel products but industrial plants and machinery which use much steel, he said.

The major Japanese steel companies passed interim dividends for the first half last year.

Nippon Steel officials said it was uncertain whether the firm could make a high enough profit to retain an interim dividend payment this year as business prospects even for the current six-month period were still dim.

The Japan Steel Exporters Association has said Japanese steel products have been losing their export competitive power following the Yen's appreciation.

Its estimate shows a 20 per cent cut in steel exports last month to 2.6m tonnes from 3.3m in July last year.

Reuter

Hutchison companies to merge

BY RON RICHARDSON

HONG KONG, August 23.

CITY AND Urban Properties and Hutchison Properties, both listed subsidiaries of the giant Hutchison Whampoa, are planning a merger.

Trading in the two stocks on Hong Kong Stock Exchanges was suspended early today when it was confirmed that the two groups had begun talks and that financial advisers had been appointed.

City and Urban Properties is owned 50.3 per cent by Hutchison Whampoa, while Hutchison Properties is a 64 per cent-owned subsidiary. Based on share prices at the suspension of trading, the combined group would have a market capitalisation of about HK$965m.

The two companies came from opposite sides of the HK$2.8bn merger last year of Hutchison International and Hong Kong and Whampoa Dock Company. Both were originally formed to redevelop excess properties held by their respective parent companies, and as a result of this they have both built up large property portfolios. At June, 1977, the properties held by City and Urban were valued conservatively at HK$385m while those of Hutchison Properties amounted to HK$329m.

It had been expected that Hutchison Whampoa would soon move to rationalise some of its property holdings, especially as City and Urban's development programme is almost completed.

The boards of the two companies have appointed Schroders and Chartered and N. M. Rothschild and Sons (Hong Kong) as their advisers.

Testing year for NZ bank

By Dai Hayward

WELLINGTON, August 23.

NEW ZEALAND'S economic problems made the past year one of the most testing in recent times for all areas of banking operations, said the chairman of the Bank of New Zealand, Mr. L. N. Ross. In the year ended March 31 the bank and its subsidiary companies earned consolidated net profit of NZ$7.47m compared with NZ$7.48m last year.

Operating expenses of the trading bank increased by 16.26 per cent while income rose by only 11.18 per cent. This reduced the tax paid profit to NZ$273,000.

However, lower profit from the trading bank was largely offset by higher profits from the savings bank and other subsidiaries.

Tubemakers profit down 8.5%

BY JAMES FORTH

SYDNEY, August 23.

TUBEMAKERS of Australia, a major pipe manufacturer, suffered an 8.5 per cent drop in trading profit, from A$12.4m to A$11.3m, in the year to June 30. The setback was attributed to difficult trading conditions and continuing losses in the Indonesian operations. The dividend, however, is maintained at 7.5 cents a share and is almost twice covered by earnings of 14.2 cents a share, compared with 15.5 cents in 1976-77.

Group sales rose by 15 per cent from A$310m to A$357m but this was largely due to inflation, and to improved sales by the U.S. offshoot, Brumley-Donaldson, which largely indents and merchandises Australian tubular and steel products.

Export sales were at high levels compared with recent years, and the directors said that sales to China continued to be encouraging.

The Indonesian offshoot, P. T. Bakrie, had shown significant trading losses since it was commissioned which, including those for 1977-78, had been fully reflected in group operating results. The directors warned however that unless much improved results can be achieved in the short term further permanent loss may be incurred. They therefore decided it was prudent to make a provision of A$1m for possible loss, which had been treated as an extraordinary item.

* * *

Mayne Nickless, the transport and security group, has raised its dividend after a 12.3 per cent gain in profit, from A$9.2m to a record A$10.37m, writes James Forth from Sydney. The result was an 11 per cent rise in group turnover, from A$212m to A$236m.

The dividend is raised from 8 cents a share to 9.5 cents, including a final payment of 5 cents. The directors expect to maintain the annual 10 cents rate established by the final. Earnings a share rose from 21.3 cents to 23.8 cents.

SELECTED EURODOLLAR BOND PRICES
MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
Alcan Australia 9½pc 1989	97½	98
AMEV 8pc 1987	94½	95½
Australia 8½pc 1992	91½	91¾
Australian M. & S. 9½pc '92	98¼	99¼
Barclays Bank 8½pc 1992	93½	93½
Bowater 9½pc 1992	98½	99
Pisons 10½pc 1987	97½	98½
Gestetner 11pc 1988	91½	93½
INA 10pc 1988	91½	92½
Rowntree 10½pc 1988	92	93
Sears 10½pc 1988	92	93
Total Oil 9½pc 1984	99½	99½
[illegible]	[illegible]	[illegible]

Source: White Weld Securities.

Source: Kidder, Peabody Securities.

CURRENCY, MONEY and GOLD MARKETS

Dollar declines from best level

The dollar finished slightly firmer against most major currencies in the foreign exchange market yesterday, but was generally around its weakest level of the day near the close. The announcement that the U.S. is to sell more gold at its monthly auctions gave a sharp initial boost to the U.S. currency, but sentiment tended to change in the afternoon, with the dollar being sold against most currencies.

The U.S. currency touched a high point of SwFr 1.7050 against the Swiss franc, but fell to SwFr 1.6550, before closing at SwFr 1.6650, compared with SwFr 1.6575 on Wednesday. The dollar rose to DM 2.0250 in terms of the D-mark, before closing at DM 2.0037½, compared with DM 2.0012½ previously.

On Morgan Guaranty figures, the dollar's trade weighted depreciation narrowed slightly to 9 per cent from 9.1 per cent on the basis of the Washington Currency Agreement of December 1971.

Sterling's trade weighted index, on the same basis, was unchanged at 62.2, after standing at 62.1 at noon and 62.2 in early trading.

In terms of the dollar, sterling lost 25 points to close at $1.9265-1.9275. The pound opened at $1.9220-1.9230, and fell to a low for the day of $1.9125-1.9135 as a result of the dollar's strength. In the afternoon sterling picked up to $1.9285-1.9295, before easing slightly towards the finish.

NEW YORK—The dollar firmed again but repeated the pattern of falling back slightly towards the close of trading. The news that the White House would announce a new national export policy "within three weeks" caused a flurry of buying but the currency retreated later in thin and cautious trading. Closing price against the West German mark was DM 2.0020 (DM 1.9990); the Swiss franc SwFr 1.6680 (SwFr 1.6630); the yen Y192.55 (Y190.60) and sterling $1.9227 ($1.93).

FRANKFURT — The dollar showed little initial reaction to news that West Germany's trade surplus fell last month. A surplus of DM2.304bn was generally in line with expectations, with trading described as quiet. The Bundesbank did not intervene at the fixing, as the dollar rose to DM2.0175 compared with DM1.9945 on Tuesday. The U.S. currency opened at DM2.0212 against the Deutsche Mark, but then appeared to settle back after the early improvement on news of increased U.S. gold sales.

AMSTERDAM—The dollar was fixed at Fl 2.1800 against the guilder, compared with Fl 2.1590 previously. In late trading the dollar eased slightly to Fl 2.1740.

ZURICH—The tactic of coming out with something new to support the dollar every every few days has impressed the market, and although the amount raised by higher gold sales will not be very great it was said to be having the right impact for the dollar. The U.S. currency's rise was particularly strong against the Swiss franc yesterday morning, rising to a peak of SwFr 1.7025, before slipping back to SwFr 1.6890, compared with SwFr 1.6570 late Tuesday. Trading was described as moderate, but nervous.

MILAN—The dollar was quoted at L843.40 in late trading, little changed from the fixing level of L843.50 against the lira, a sharp improvement from the previous fixing of L838.30. The lira lost ground against the dollar, but tended to improve against European currencies and the Japanese Yen. The Swiss franc fell to L501.35 from L508.85, after touching L495.50 during the morning. The D-mark declined to L417.91 from L420.

TOKYO—Initial reaction to the news about an increase in the amount of gold to be sold by the U.S. was mixed, but was seen as reinforcing U.S. determination to introduce measures to support the dollar. Anticipation of further announcements in the near future may have already caused banks to adjust their dollar positions. The dollar rose to a high point of Y193.00 against the yen, after an opening low of Y191.00. It closed at Y192.05, compared with Y191.70 on Tuesday. Trading was heavy at $723 in spot, and $812m combined forward and swap.

THE POUND SPOT

Aug. 23	Bank rate %	Day's Spread	Close
[illegible]	[illegible]	[illegible]	[illegible]

Belgian rate is for convertible francs. Financial franc [illegible].

FORWARD AGAINST £

	One month	% p.a.	Three months	% p.a.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Six-month forward dollar [illegible].

THE DOLLAR SPOT

August 23	Day's spread	Close
[illegible]	[illegible]	[illegible]

* U.S. cents per Canadian $.

FORWARD AGAINST $

	One month	% p.a.	Three months	% p.a.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CURRENCY RATES

August 23	Special Drawing Rights	European Unit of Account
[illegible]	[illegible]	[illegible]

CURRENCY MOVEMENTS

August 23	Bank of England Index	Morgan Guaranty changes %
[illegible]	[illegible]	[illegible]

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

Aug. 23	£	$		Note Rates
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Rate given for Argentina is free rate.

EXCHANGE CROSS-RATES

Aug. 23	Pound Sterling	U.S. Dollar	Deutsche Mark	Japanese Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.927	3.873	369.8	8.449	3.210	4.175	1625.	2.194	60.65
U.S. Dollar	0.519	1.	2.010	191.8	4.384	1.666	2.166	843.0	1.139	31.48
Deutsche Mark	0.258	0.498	1.	95.45	2.182	0.829	1.078	419.5	0.567	15.66
Japanese Yen 1,000	2.705	5.215	10.48	1000.	22.86	8.684	11.30	4393.	5.938	164.0
French Franc 10	1.184	2.281	4.584	437.5	10.	3.799	4.945	1925.	2.597	71.78
Swiss Franc	0.312	0.600	1.206	115.1	2.632	1.	1.301	506.1	0.683	18.89
Dutch Guilder	0.239	0.461	0.927	88.48	2.022	0.768	1.	388.9	0.525	14.51
Italian Lira 1,000	0.616	1.186	2.384	227.5	5.201	1.975	2.573	1000.	1.351	37.33
Canadian Dollar	0.456	0.878	1.765	168.5	3.851	1.463	1.904	740.4	1.	27.63
Belgian Franc 100	1.649	3.178	6.387	609.6	13.93	5.294	6.890	2679.	3.619	100.

EURO-CURRENCY INTEREST RATES*

Aug. 23	Sterling	Canadian Dollar	U.S. Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	14-18	—	par-2
7 day's notice	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	15-16	9¼-9⅜	[illegible]
Month	10¾-11¼	8⅜-8¾	7⅝-7¾	4½-4¾	[illegible]	[illegible]	[illegible]	13-14	7⅝-7⅞	[illegible]
Three months	11¼-11⅝	8¾-9⅛	8⅝-8¾	[illegible]	[illegible]	[illegible]	9⅛-9⅜	15½-14½	[illegible]	[illegible]
Six months	11⅝-12	9-9¼	8⅞-9⅛	[illegible]	[illegible]	[illegible]	9⅜-9⅞	14½-15½	[illegible]	[illegible]
One year	11¾-12⅛	9⅛-9⅞	9.9¼	5-6¼	[illegible]	3⅞-4	10¼-10⅝	14¾-15¾	[illegible]	[illegible]

The following nominal rates were quoted for London dollar certificates of deposit: One month 8.15-8.35 per cent; three months 8.40-8.60 per cent; six months 8.70-8.90 per cent; one year 8.90-9.00 per cent.

Long-term Eurodollar deposits: two years 9½-9¾ per cent; three years 9⅝₁₆-9⅞₁₆ per cent; four years 9½-9¾ per cent; five years 9⁵⁄₁₆-9⅞₁₆ per cent nominal closing rates.

Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two days' notice for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

Japan rates declining

Japan does not intend to cut bank rate from the current level of 3½ per cent at present, according to Mr. Morinaga, Governor of the Bank of Japan. He said yesterday that commercial bank lending rates are continuing to decline, and corporate liquidity is ample.

Mr. Morinaga added that he welcomes the U.S. decisions to raise the official discount rate, and increase the amount of gold offered for sale, as signs of determination to sustain the dollar's value.

The loan interest rate charged by 13 Japanese city banks fell by an average of 0.072 per cent in July to stand at 5.682 per cent, while the short-term interest rate fell 0.76 per cent to a record low of 4.674 per cent.

NEW YORK—Federal funds opened at 8¾ per cent, but fell to 8½ per cent fairly quickly as the Federal Reserve entered the market to conduct overnight repurchase agreements. Treasury bill rates were surprisingly lower in early trading, with 13-week bills easing to 7.19 per cent from 7.27 per cent, and 26-week bills falling to 7.43 per cent from 7.48 per cent. One-year bills declined to 7.75 per cent from 7.83 per cent.

PARIS—Day-to-day money was unchanged at 7 per cent, after easing by ⅛ per cent over the first two days of this week. Period rates were also unchanged at 7½-7⅝ per cent for one-month; 7⅝-7¾ per cent for three-month; 7¾-8 per cent for six-month; and 8¼-8½ per cent for 12-month.

FRANKFURT—Interbank money market rates were unchanged from 3.45 per cent for call money to 4 per cent for six-month. West Germany's widely defined money supply (M-3) rose by a seasonally adjusted DM9.3bn (£2.4bn) in July, compared with a rise of DM4.6bn (£1.2bn) in June. Although the rise in July was double the June figure it was lower than the DM11.4bn (£2.9bn) rise in July last year. The outflow of foreign capital totalled DM790m last month, compared with an inflow of DM1.2bn in June, and an outflow of DM1.7bn in July 1977.

BRUSSELS—Short-term deposit rates for the Belgian franc (commercial) were easier, with one-month quoted at 6⅝-6⅞ per cent, compared with 6⅝-6⅞ per cent previously, and three-month at 6⅞-7⅛ per cent, compared with 7⅛-7⅜ per cent. The six-month rate was unchanged at 7⅛-7⅜ per cent, however, and 12-month was unchanged at 7⅜-7⅝ per cent.

AMSTERDAM — Call money remained very easy, falling to ½ per cent from around 1½-2 per cent previously. One-month funds fell to 4⅜-4⅝ per cent from 4⅞-5 per cent, while three-month was unchanged at 5¾-6 per cent, but six-month rose to 6⅛-6⅜ per cent from 6⅛-6⅜ per cent.

GOLD

Sharp fall

Gold opened at $198¾-199¼ and fell to a low point of $197¾-198¼ following the news that the U.S. is to double the amount of gold sold at its monthly auctions. Trading was very active, and the metal was fixed at $198.35 (£103.415) in the morning, before recovering a little to $200.20 (£104.032) in the afternoon. The highest level seen was around $201-201½, and gold closed at $200-200½, a fall of $6½ on the day.

In Paris the 12½ kilo gold bar was fixed at FFr 28,350 per kilo ($199.69 per ounce) yesterday afternoon, compared with FFr 28,300 ($198.58) in the morning, and FFr 28,955 ($206.66) on Tuesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 12,925 per kilo ($199.90 per ounce), compared with DM 13,300 ($207.21) previously.

	Aug. 23	Aug. 22
Gold Bullion (a fine ounce)		
Close	$200-200½	$206½-207
Opening	$198¾-199¼	$206½-207½
Morning fixing	$198.35 (£103.415)	$207.30 (£107.152)
Afternoon fixing	$200.20 (£104.032)	$207.40 (£107.442)
Gold Coins domestically		
Krugerrand	[illegible]	[illegible]
New Sovereigns	[illegible]	[illegible]
Old Sovereigns	[illegible]	[illegible]
Gold Coins internationally		
Krugerrand	[illegible]	[illegible]
New Sovereigns	[illegible]	[illegible]
Old Sovereigns	[illegible]	[illegible]
$20 Eagles	[illegible]	[illegible]
$10 Eagles	[illegible]	[illegible]
$5 Eagles	[illegible]	[illegible]

UK MONEY MARKET

Extremely large help

Bank of England Minimum Lending Rate 10 per cent (since June 8, 1978)

Government disbursements were lower than at first expected yesterday, through delay of the payment of housing subsidies to local authorities. This caused a fairly heavy shortage of day-to-day money, and the authorities gave an extremely large amount of assistance by buying an extremely large number of Treasury bills from the discount houses, and a small amount of local authority bills.

Disbursements were therefore only slightly in excess of revenue payments to the Exchequer, while the market had to contend with a modest net take-up of Treasury bills, settlement of substantial sales of gilt-edged stock, and resale to the market of bills previously bought by the authorities on a sale and repurchase agreement.

The delay of the housing grant until today is likely to produce much easier conditions than may otherwise have been anticipated, and the amount of yesterday's help may also have been overdone.

Discount houses paid up to 9 per cent for secured call loans, and closing balances were taken at 7½-8 per cent.

In the interbank market overnight loans opened at 8½-8¾ per cent, and rose to 9-9¼ per cent at lunch, before falling to 5-6 per cent at the close.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

Aug. 23 1978	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	5-9¼	—	—	—	9¼	8-9	—	—	—
2 days notice	—	—	8⅞-9	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	9¼	—	—	—	—
7 days notice	—	8¾-9⅛	8⅞-9	—	9⅜	—	8¼-8⅞	—	—	—
One month	9⅛-9⅛	9⅛-9⅛	9-9⅛	9¾-9⅞	9⅝	9⅛	9	8⅝-8⅞	9⅛	9⅞
Two months	9¼-9⅛	9⅛-9⅛	—	9¼-9½	9¾	—	9	8⅞-8⅞	9¼	9⅞
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—	[illegible]	[illegible]
Nine months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	—	—
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	—	—
Two years	—	—	10¾	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days fixed. * Longer-term local authority mortgage rates nominally three years [illegible] per cent; four years [illegible] per cent; five years [illegible] per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills [illegible] per cent; four-month trade bills [illegible] per cent. Approximate selling rates for one-month Treasury bills [illegible] per cent; two-month [illegible] per cent; and three-month [illegible] per cent. Approximate selling rate for one-month bank bills [illegible] per cent; two-month [illegible] per cent; and three-month [illegible] per cent; one-month trade bills [illegible] per cent; two-month [illegible] per cent; and also three-month [illegible] per cent.

Finance House Base Rates (published by the Finance Houses Association) 10½ per cent from August 1, 1978. Clearing Bank Deposit Rates (for small sums at seven days' notice) 6-7 per cent. Clearing Bank Base Rates for lending 10 per cent. Treasury Bills: Average tender rates of discount [illegible] per cent.

MONEY RATES

NEW YORK	
Prime Rate	[illegible]
Fed Funds	[illegible]
Treasury Bills (13-week)	[illegible]
Treasury Bills (26-week)	[illegible]
GERMANY	
Discount Rate	3
Overnight	3.45
One month	3.45
Three months	3.55
Six months	4
FRANCE	
Discount Rate	9.5
Overnight	7
One month	7.325
Three months	7.6875
Six months	7.9375
JAPAN	
Discount Rate	3.5
Call (Unconditional)	4.25
Bills Discount Rate	4.75

هكذا من الأصل

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output engineering orders, retail sales volume (1970=100): retail sales value (1971=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value	Unem-ployed	Vacs.
1977							
2nd qtr.	102.1	103.2	106	102.5	222.0	1,339	163
3rd qtr.	103.0	104.0	106	104.3	234.2	1,418	151
4th qtr.	102.4	103.4	106	104.4	239.4	1,431	157
1978							
1st qtr.	103.5	103.8	98	106.2	246.0	1,409	188
2nd qtr.	104.3	104.8		107.9	254.2	1,367	213
Feb.	103.7	103.7	116	106.8	246.5	1,409	187
March	103.5	104.4	103	107.0	249.8	1,400	196
April	105.4	105.8	104	106.7	250.3	1,387	204
May	103.3	103.6		108.4	255.2	1,368	210
June	104.2	105.0		108.6	257.1	1,365	217
July				110.5		1,371	211
August						1,331	208

OUTPUT—By market sector: consumer goods investment goods, intermediate goods (materials and fuels): engineering output, metal manufacture, textiles, leather and clothing (1970=100); housing starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1977							
2nd qtr.	113.4	98.1	105.2	99.2	80.5	100.2	25.1
3rd qtr.	115.5	98.6	104.9	100.1	83.3	100.7	25.4
4th qtr.	117.0	98.0	101.9	99.4	74.8	100.0	20.7
1978							
1st qtr.	116.1	99.6	104.6	100.7	76.8	98.7	17.8
2nd qtr.	116.8	99.0	106.9	101.2	83.1	100.5	26.7
Jan.	116.0	100.0	104.0	101.0	75.0	99.0	17.4
Feb.	117.0	99.0	106.0	101.0	78.0	100.0	15.3
March	117.0	100.0	104.0	102.0	78.0	100.0	20.6
April	117.0	100.0	109.0	102.0	85.0	105.0	25.4
May	115.0	98.0	106.0	101.0	53.0	98.0	25.1
June	118.0	99.0	106.0	101.0	80.0	98.0	29.6

EXTERNAL TRADE—Indices of export and import volume (1975=100); visible balance; current balance; oil balance; terms of trade (1975=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US$bn*
1977							
2nd qtr.	118.6	109.8	−764	−365	−748	100.3	14.9
3rd qtr.	124.1	106.4	+ 84	+537	−602	101.0	13.4
4th qtr.	117.9	102.6	+ 45	+486	−657	102.4	20.39
1978							
1st qtr.	102.3	114.3	−674	−305	−646	105.1	20.63
2nd qtr.	122.6	110.0	−139	+221	−420	104.4	16.75
Feb.	127.4	111.3	+ 43	+132	−203	104.8	20.7
March	121.4	116.9	−279	−189	−209	104.8	20.32
April	125.9	104.1	+187	+307	−149	104.0	17.04
May	119.9	114.1	−218	− 98	−155	105.1	16.66
June	121.9	111.9	−108	+ 12	−116	104.1	16.54
July	126.9	117.1	−150	− 30	−229	104.8	16.74

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m); building societies' net inflow; HP, new credit; all seasonally adjusted. Minimum lending rate (end period).

	M1 %	M3 %	Bank advances %	DCE £m	BS inflow	HP lending	MLR %
1977							
2nd qtr.	24.8	14.9	5.5	+769	1,290	1,047	8
3rd qtr.	28.0	10.4	20.3	+365	1,084	1,149	7
4th qtr.	23.2	12.6	8.8	+698	1,565	1,189	7
1978							
1st qtr.	24.7	24.0	17.5	+1,818	1,049	1,260	6½
2nd qtr.	8.7	15.9	24.8	+2,893	694	1,393	10
Feb.	26.8	25.5	17.9	+963	353	418	6½
March	24.7	24.0	17.5	+597	308	413	6½
April	10.1	24.7	12.6	+1,432	335	463	7
May	13.2	17.4	18.3	+1,124	212	471	9
June	8.7	15.9	24.8	+337	147	459	10
July					180		10

INFLATION—Indices of earnings (Jan. 1976=100); basic materials and fuels, wholesale prices of manufactured products (1970=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (Dec. 1971=100).

	Earn-ings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT* comdty.	Strlg.
1977							
2nd qtr.	114.5	347.7	259.2	181.9	191.1	250.0	61.6
3rd qtr.	116.1	340.5	267.7	184.7	192.1	239.9	61.8
4th qtr.	119.9	330.6	272.1	187.4	193.3	234.2	63.3
1978							
1st qtr.	123.1	326.7	279.0	190.6	197.3	238.61	64.6
2nd qtr.	129.9	340.7	284.6	195.8	203.5	242.27	61.5
Feb.	122.7	324.2	279.2	190.6	197.3	224.86	66.0
March	125.0	331.0	280.6	191.8	198.4	238.61	64.1
April	127.2	337.4	282.7	194.6	201.6	238.94	61.8
May	129.4	341.5	284.6	195.7	203.2	250.67	61.5
June	133.1	343.1	286.3	197.2	206.7	242.27	61.5
July		340.2	288.7	198.1	206.1	237.66	62.5

CONTRACTS

Big kiln to be built in sections

HEAD WRIGHTSON TEESDALE, member of the Davy International group, has won an order valued at £1.5m for the supply and erection of a rotary kiln for British Chrome and Chemicals, Cleveland. This kiln, about 300 feet long and weighing 1,400 tons, will be the biggest and heaviest to be built by the company. It will be fabricated and transported to site in five sections, then aligned and erected on four roller support stations. Rotational drive will be by twin pinion girth gear and will be thyristor controlled. It represents, it is claimed, a major advance in the technology of sodium dichromate production processing in Europe. It will be built in collaboration with Vulcan Ironworks Inc., Pennsylvania, U.S.

★

EMERSON ELECTRIC INDUSTRIAL CONTROLS has received a £250,000 contract to install uninterruptable power supply equipment at the London Air Traffic Control Centre, West Drayton. The installation is scheduled for completion by April next year and will comprise four units of 250kVA each. Only three units will be in use, with the fourth on stand-by. In addition to driving the radar control main frame computer, the power supply will be a static fixed frequency inverter system with battery support. It ensures that the Centre's electronic monitoring equipment is safe from electrical failure and mains voltage line transients. This equipment is used to control all civil and military aircraft flying over most of England and Wales.

★

The Herald and Weekly Times, of Melbourne, one of the largest publishers of newspapers and magazines in Australia, has signed contracts with LINOTYPE-PAUL, London, for the supply and installation of a 5500 electronic publishing system, valued at over £3m. When installed, this will, it is claimed be the most advanced photocomposition system of its kind in the world. Delivery will begin in January, with installation to be phased over several years.

★

The flight test department of British Aerospace at Warton, Lancs., has ordered an ICL 2960 computer system. Valued at more than £1m, the new computer will be installed in November. The contract was won by ICL following an intensive technical evaluation by the flight test department which covered all major mainframe and mini computer manufacturers. From this a short list was prepared and ICL won the order in open competition against leading American manufacturers.

★

HADEN YOUNG has won an £800,000 design and installation contract at Cummins Engine Company, Shotts, Lanarkshire. Within a programme of development and renovation 21 engine test cells are to be provided. Work, planned in two phases, should start in September with Phase I completion scheduled for February, 1979, and Phase II in February, 1981.

★

Orders for control equipment worth £500,000 for an integrated iron and steel plant in Brazil have been placed with CUTLER-HAMMER EUROPA, Bedford. The orders have been placed by Davy Ashmore International, Clarke-Chapman, Davy-Bamag, J. M. Henderson and Woodall-Duckham. The equipment mainly low voltage motor control centres, is for the Aco Minas Gerais SA iron and steel plant—for which Davy Ashmore is the principal contractor—on a greenfields site in the state of Minas Gerais about 240 miles from Rio de Janeiro. The controls, for delivery at the end of this year and early next, include blast furnace controls with programmable controllers and controls for the coke handling and processing plant.

★

Work is starting on three advance factories for the Department of Industry at Goldthorpe Industrial Estate, near Barnsley. These factories are of the terrace unit type, two of 5,000 sq ft each, and capable of division into two. The third is 15,000 sq ft and capable of division into six. A contract worth about £335,000 has been awarded to FIRTH CONSTRUCTION, Doncaster. Completion is scheduled for March next year.

★

BRITISH FURNACES, Chesterfield, has an order worth about £250,000 from Rover Triumph Cars for a continuous gas carburising scheme, with atmosphere gas generator, to be installed at Pengam, Cardiff. The unit will be automated and will increase production of gearbox components. The components will be processed at 1,200/hr.

★

Weighing equipment contracts from seven chemical companies have been placed in the last four weeks with TOLEDO SCALE. Total orders amounted to some £125,000 and ranged from the bench scale weighing in grammes to a 50-ton capacity low profile weighbridge which requires no pit for installation.

★

DEWRANCE has won orders totalling more than £420,000 for high-pressure valves, boiler mountings and isolators for a power station in Kentucky, placed by Kentucky Utilities, and methanol plants in Russia, placed by Babcock and Witco.

★

REDLER CONVEYORS has been awarded a $700,000 contract to supply conveyors and associated equipment for a new 20,000-tonne grain silo and automatic sacking plant being built in the port of Hodeidah in North Yemen. The total project is being financed by the World Bank and the Saudi Fund for Industrial Development.

★

UHDE has been awarded an engineering contract by the FMC Corporation for a plant to produce phosphorus pentasulfide, a component of pesticides. The contract covers engineering and supply of proprietary items of equipment. The production process was licensed by Hoechst.

★

A consortium comprising RPC TECHNICAL SERVICES, SELTRUST ENGINEERING and SOCIETE DES CIMENTS FRANCAIS has been awarded a contract by The Philippine Cement Corporation to undertake a technical study of each of the 18 cement plants in the Philippines to determine their present capacities, the steps required to restore capacity (where necessary), and report on anti-pollution control installations.

WORLD STOCK MARKETS

Wall St. boosted by dollar support move

INVESTMENT DOLLAR PREMIUM
\$2.60 to £1—98½% (99½%)
Effective \$1.9270—47½% (48%)

GAINS BY Computer and Gaming stocks highlighted a broad advance on Wall Street yesterday in heavy trading, but profit-taking later trimmed the market's rise.

The Dow Jones Industrial Average breached the 900 level to touch 904.28, before coming back to close at 897.00 for a fresh gain of 4.59 on the day. The NYSE All Common Index finished 36 cents higher at \$59.12, after reaching \$59.24, while gains outpaced losses by 1,028 to 479. Trading volume expanded sharply to 39.71m shares from Tuesday's level of 29.62m.

Brokers related the advance to the Treasury Department's announcement late on Tuesday that it will more than double its gold sales to help support the dollar. It said the saes would make "a significant contribution to reducing the U.S. trade deficit," which has been a cause of the dollar's long slide.

The dollar improved on foreign exchanges early yesterday in response to the new dollar-supporting plan, but backed away from its highs later in the day.

Last week, the Federal Reserve raised its target rate on key Federal Funds and increased its discount rate in moves to support the dollar.

Also helping the market, analysts said, was a report that Saudi Arabia has again rejected efforts by some OPEC members to raise the price of oil this year or move to a pricing system based on a basket of currencies.

Brokers noted that profit-taking appeared late in the session as the Dow Jones Industrial Average crossed once more above the 900 level, where they say pre-planned profit-taking orders exist. They added that profit-taking was encouraged by the report earlier yesterday of a steep decline in durable goods orders in July, suggesting a slowdown in the economy ahead.

Among Computer issues, **IBM** climbed to \$300⅜ before easing to \$297⅜ for a gain of 1¼ on the day. **Control Data** added 1⅜ at \$41¼, **NCR** ⅞ at \$65⅞ and **Data General** 1¼ at \$64½. **Data Terminal Systems**, on reporting higher second-quarter net profits, rose 1½ to \$43½, while **Prime Computer** put on 1⅞ to \$35⅞ and **Storage Technology** also 1⅞ to \$30½.

Among Gaming issues, **Caesars World** moved ahead 2½ to \$31⅞, **Bally** 2½ to \$47⅝, **Playboy** ⅞ to \$24½ and **Metro-Goldwyn-Mayer** 1½ to \$43½.

Motor Manufacturers reported a drop in mid-August car sales but their shares were mostly higher. Gold issues, however, weakened as the Bullion price fell.

Federal Express "A" jumped \$3 to \$59½ bid in over-the-counter trading on a proposed stock split.

Pan-American Airways led the actives list and rose \$1 to \$8½. **National Airlines**, which did not trade yesterday but closed on Tuesday at \$30⅞, said Pan-Am made an unsolicited offer of \$33 a share for National.

Texas International, on the Amex exchange, gained ⅞ to \$13¼ — it currently owns about 9 per cent of National and was seeking control.

Del Monte improved 1¼ to \$37 — R. J. Reynolds has extended its offer to acquire the company. **Reynolds** added ¼ at \$59.

THE AMERICAN SE Market Value Index moved ahead 0.92 more to 165.67 in a very active business of 5.48m shares (4.52m).

Canada

Stocks continued to show a firm bias yesterday in brisk trading, with the Toronto Composite Index adding 1.0 at 1,232.4. Oils and Gas advanced 12.1 to 1,611.6 on index, but Golds, reflecting the fall in Bullion prices, retreated 38.7 to 1,490.1. Another dull exception was Banks, which declined 0.59 further to 285.06.

Dome Petroleum rose ⅞ to C\$66½, **Hudson's Bay** ⅜ to C\$24 and **Siebens Oil and Gas** ¼ to C\$15¼ under a proposed arrangement. Siebens holders will receive C\$38.50 a share while Dome will acquire a 76 per cent stake in Siebens and issue Preferred shares to Hudson's Bay.

Asbestos Corporation gained 2¾ to C\$43¾. Quebec finance minister said that negotiations for the Province's acquisition of a majority interest in the company should begin soon. **Bramalea** added 1½ at C\$13 on higher first-half net earnings.

Germany

After Tuesday's mild setback, shares often showed renewed firmness yesterday and the Commerzbank index rose 5.6 to a new eight-year peak of 827.6.

Volkswagen featured with a further advance of DM 3.60 to DM 259.00, reflecting good first-half figures and second-half forecast announced at yesterday's Press conference.

However, a denial from Volkswagen's financial chief, Friedrich Thomees, that it is holding acquisition talks with **GHH** left the latter's shares DM 1 easier and GHH's **MAN** unit shares off DM 0.30.

Lively interest surfaced for Banks, **Deutsche Bank** adding DM 1.90 and **Dresdner** DM 1.50. Stores were also well supported, **Neckermann** rising DM 4.50 and **Horten** DM 2.50, while **Linde**, in Engineerings, gained DM 1.70.

The Domestic Bond Market remained subdued, with fresh scattered losses of up to 45 pfennigs occurring. The Regulating Authorities bought paper worth DM 5.8m nominal, compared with DM 1.4m purchases on Tuesday. **Mark Foreign Loans** were steady.

Paris

Despite news of a French trade surplus of FFr 905m in July, share prices generally turned easier, sentiment dampened by news of a one-for-four rights issue by **Cie Francaise de Petroles**.

The Oils sector was particularly depressed, with **CFP** receding 4 per cent to FFr 132 despite a 95 per cent increase in first-half earnings to FFr 172m. **BP** lost over 10 per cent to FFr 63.50 and **Aquitaine** 16 to FFr 544.

Elsewhere, **Carrefour** declined 9 to FFr 1,730, **Creusot-Loire** 4.2 to FFr 89.8, **Michelin "B"** 13 to FFr 1,317 and **St. Gobain** 3.2 to FFr 152.0.

There was some selective buying, however, and a number of shares improved, including **BCT, Cetelem, UCB, Locafrance, Chargeurs Reunies, Alsacienne-Supermarches, Ciments Francais, Babcock, Matra, Chiers, Marine, Vallourec** and **Sommer-Allibert**.

Tokyo

Stock prices again presented a mixed appearenace in light trading, with the Nikkei-Dow Jones Average closing just 1.85 harder at 5,520.73. Volume 200m shares (180m).

Pharmaceuticals, Papers and Pulps and Machinery Manufacturers met selective interest. Export-orientated shares, however, mainly turned downwards because of the uncertain outlook on the foreign exchange market despite announcement of new U.S. action to aid the dollar.

Kaken Chemicals rose Y160 to Y3,390, **Green Cross** Y110 to Y3,320, **OJI Paper** Y5 to Y375 and **Toyo Ink** Y13 to Y738, but **Honda Motors** lost Y3 to Y532, **Sony** Y50 to Y1,540, **Pioneer Electronic** Y30 to Y1,570, **Hino Motors** Y13 to Y325 and **Cannon** Y10 to Y450.

Hong Kong

Share prices regained some of their recent loss in fairly active but erratic trading yesterday.

The market opened firmly in response to **Hong Kong Bank's** higher interim dividend and profits, but fell back in the late morning. News of merger talks between **City and Urban** and **Hutchison Properties** promnted buying interest early in the afternoon, but nervous fresh profit-taking pared gains towards the close as the market looks for direction following the retreat of the previous two sessions. The Hang Seng index was finally 15.28 higher at 649.70 after a two-day reaction of 45.70.

Among market leaders, **Hongkong Bank** rose 20 cents to HK\$20.90, **Hongkong Land** 60 cents to HK\$12.20, **Hutchison Whampoa** 45 cents to HK\$6.90, **Swire Pacific** 30 cents to HK\$9.70 and **Wheelock** 7.5 cents to HK\$3.50, but **Jardine** were unchanged at HK\$16.70.

In the Property sector, **Cheung Kong** gained 30 cents to HK\$14.20, **New World** 22.5 cents to HK\$3.025 and **Swire Properties** 20 cents to HK\$4.45. **Hongkong and Kowloon Wharf** advanced 1.50 cents to HK\$37.00 and the Warrants HK\$9 to HK\$114 on continued speculative interest.

Johannesburg

Most sectors of the market lost ground, with dealers citing the main contributing factors as the sharply lower Bullion price and last night's border attack.

Gold shares weakened across the board, recording losses in heavyweights ranging to 150 cents.

Mining Financials were softer in sympathy with gold producers.

De Beers, after Tuesday's 21 cents advance, fell sharply by 28 cents to R7.50 on disappointment with the interim dividend.

Most other Metals followed Gold issues down. Industrials were mixed in quiet trading.

Amsterdam

Bourse prices made further progress over a broad front, taking the Industrial index 1.2 higher to a fresh peak for the year of 90.4.

Dutch Internationals were very firm, recording gains of between Fl 1 and Fl 2.50, with **Royal Dutch** the latter amount up at Fl 136.90. **Unilever** added Fl 2 at Fl 128.50.

Shares with rises exceeding Fl 2 included **KLM, Algemene Bank Nederland, Bols, OCE-Van Der Grinten** and **Bijenkorf**.

Internatio-Mueller, however, shed Fl 0.30 ahead of an announcement of a 2 per cent rise in net profits. **Packhoed** and **Nedlloyd** declined Fl 0.50 and Fl 3.50 respectively awaiting their first-half results, due today.

State loans also firmed.

Australia

Continuing the correction phase after the Budget week strong gains, Mining issues remained easier-inclined yesterday. Industrials, on the other hand, were steadied by news that the August State loan had raised a record A\$763m, which the market took as an indicator that the climate was right for a further reduction in official interest rates. However, the market also recognised that the loan had drawn off a good proportion of investment funds.

BHP recouped 10 cents at A\$8.14 following strong London demand for the stock.

Indices

NEW YORK—DOW JONES

	Aug. 23	Aug. 22	Aug. 21	Aug. 18	Aug. 17	Aug. 16	1978 High	1978 Low	Since Compilat'n High	Since Compilat'n Low
Industrial	897.00	892.41	888.95	896.83	900.12	894.96	900.12 (17/8)	742.12 (28/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds*	98.97	88.02	88.91	88.55	88.80	88.81	8.86 (4/1)	86.78 (11/7)	—	—
Transport	251.66	249.76	246.05	251.07	251.80	250.68	251.80 (17/8)	199.31 (9/1)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	106.56	106.35	106.19	106.66	106.87	106.77	110.98 (3/1)	102.84 (22/2)	163.32 (20/4/69)	10.58 (28/4/42)
Trading vol. 000's	39,710	29,620	23,510	34,650	45,270	36,140	—	—	—	—

* Basis of index changed from August 24

	Aug. 18	Aug. 11	Aug. 4	(Year ago approx.)
Ind. div. yield %	5.24	5.26	5.25	5.20

STANDARD AND POORS

	Aug. 23	Aug. 22	Aug. 21	Aug. 18	Aug. 17	Aug. 16	1978 High	1978 Low	Since Compilat'n High	Since Compilat'n Low
Industrials	116.19	115.49	114.35	115.85	116.29	115.83	116.29 (17/8)	95.52 (6/3)	134.64 (11/1/73)	3.52 (30/6/32)
Composite	104.91	104.51	103.83	104.75	105.08	104.65	105.08 (17/8)	86.90 (6/3)	125.85 (11/1/73)	4.40 (1/6/32)

	Aug. 16	Aug. 9	Aug. 2	Year ago (approx.)
Ind. div. yield %	4.70	4.70	4.76	4.54
Ind. P/E Ratio	9.99	9.97	9.78	9.96
Long Gov. Bond yield	8.54	8.52	8.46	7.68

N.Y.S.E. ALL COMMON

Aug. 23	Aug. 22	Aug. 21	Aug. 18	1978 High	1978 Low
59.12	58.76	58.56	59.05	59.21 (17/8)	48.37 (6/3)

Rises and Falls

	Aug. 23	Aug. 22	Aug. 21
Issues traded	1,902	1,885	1,889
Rises	1,028	737	415
Falls	479	698	1,105
Unchanged	395	450	371
New Highs	—	80	90
New Lows	—	5	6

MONTREAL / TORONTO / JOHANNESBURG / INTERNATIONAL INDICES

[illegible]

WEDNESDAY'S ACTIVE STOCKS

[illegible]

NEW YORK

[illegible]

CANADA

[illegible]

† Bid. ‡ Asked. § Traded. ¶ New stock.

GERMANY ♦ / TOKYO ¶ / AUSTRALIA / OSLO / BRAZIL / JOHANNESBURG / AMSTERDAM / BRUSSELS/LUXEMBOURG / PARIS / SWITZERLAND ● / COPENHAGEN ♣ / STOCKHOLM / MILAN / VIENNA / SPAIN ▼

[illegible]

Source Nikko Securities, Tokyo

Securities Rand U.S.\$0.75½ (Discount of 34.6%)

EUROPEAN OPTIONS EXCHANGE

[illegible]

TOTAL VOLUME IN CONTRACTS 2231

BASE LENDING RATES

A.B.N. Bank	10 %	■ Hill Samuel	§10 %
Allied Irish Banks Ltd.	10 %	C. Hoare & Co.	†10 %
American Express Bk.	10 %	Julian S. Hodge	11 %
Amro Bank	10 %	Hongkong & Shanghai	10 %
A P Bank Ltd.	10 %	Industrial Bk. of Scot.	10 %
Henry Ansbacher	10 %	Keyser Ullmann	10 %
Banco de Bilbao	10 %	Knowsley & Co. Ltd.	12 %
Bank of Credit & Cmce.	10 %	Lloyds Bank	10 %
Bank of Cyprus	10 %	London Mercantile	10 %
Bank of N.S.W.	10 %	Edward Manson & Co.	11½%
Banque Belge Ltd.	10 %	Midland Bank	10 %
Banque du Rhone	10½%	■ Samuel Montagu	10 %
Barclays Bank	10 %	■ Morgan Grenfell	10 %
Barnett Christie Ltd.	11 %	National Westminster	10 %
Bremar Holdings Ltd.	11 %	Norwich General Trust	10 %
Brit. Bank of Mid. East	10 %	P. S. Refson & Co.	10 %
■ Brown Shipley	10 %	Rossminster	10 %
Canada Perm't. Trust	10 %	Royal Bk. Canada Trust	10 %
Capitol C & C Fin. Ltd.	10 %	Schlesinger Limited	10 %
Cayzer Ltd.	10 %	E. S. Schwab	11½%
Cedar Holdings	10½%	Security Trust Co. Ltd.	11 %
■ Charterhouse Japhet	10 %	Shenley Trust	11 %
Choulartons	10 %	Standard Chartered	10 %
C. E. Coates	10 %	Trade Dev. Bank	10 %
Consolidated Credits	10 %	Trustee Savings Bank	10 %
Co-operative Bank	*10 %	Twentieth Century Bk.	11 %
Corinthian Securities	10 %	United Bank of Kuwait	10 %
Credit Lyonnais	10 %	Whiteaway Laidlaw	10½%
The Cyprus Popular Bk.	10 %	Williams & Glyn's	10 %
Duncan Lawrie	10 %	Yorkshire Bank	10 %
Eagil Trust	10 %		
English Transcont.	11 %		
First Nat. Fin. Corp.	13 %		
First Nat. Secs. Ltd.	12 %		
■ Antony Gibbs	10 %		
Greyhound Guaranty	10 %		
Grindlays Bank	‡10 %		
■ Guinness Mahon	10 %		
■ Hambros Bank	10 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 7%, 1-month deposits 7½%.
† 7-day deposits on sums of £10,000 and under 6½%, up to £25,000 7½%, and over 25,000 8½%.
‡ Call deposits over £1,000 7%.
§ Demand deposits 7½%.

FARMING AND RAW MATERIALS

EEC lifts sugar exports

By Our Commodities Staff

[T]HE EEC COMMISSION yesterday authorised exports of 45,000 tonnes of white sugar, raising the maximum rebate given to 26.649 units of account. This compares with the previous week's figure of 39,250 tonnes authorised for export with a maximum rebate of 25.509 units of account.

Bearing in mind the quantity of surplus sugar that the EEC is likely to have to sell this season, weekly exports will probably have to be within the 40,000 to 45,000 tonnes range.

Nevertheless, the quality authorised by the EEC was slightly above market expectations and helped bring a reaction from an earlier rise.

The December position on the London sugar futures market closed £0.75 up at £95.05 a tonne, after having traded at £97.25 earlier in the day. The London daily price for raw sugar was raised by £2 to £93 in the morning, reflecting the steadier tone of the market this week.

Official government sources see a record Indian sugar cane output of 172m tonnes from 3.03m hectares in 1977-78, up from 154m from 2.87m hectares a year ago, according to a U.S. Agriculture Department attache in New Delhi, Reuter reported.

Milled sugar output is put at a record 6.5m tonnes, up 34 per cent from 1976-77.

India's sugar stocks on June 30 were 4.55m tonnes, against 2.5m a year ago. End of season carry-over stocks are forecast at 3m, based on domestic consumption of 4.5m and exports of 650,000 tonnes.

Farmers warned as price of potatoes nose-dives

BY CHRISTOPHER PARKES

POTATO PRICES have nose-dived in the past week and in the past few days reports have been filed of farmers selling their crops for as little as £14 a tonne.

In real terms this is the lowest price for many years. This time last year prices were generally around £40 a tonne.

The Potato Marketing Board is growing worried and urging growers to hold on to their crops and not to send them to market unless they have a firm buyer in mind.

The board's monitoring services reported a lowest price of £16 a tonne yesterday for Pentland Javelin changing hands in Lincolnshire.

The highest price recorded was £40 a tonne for red-skinned varieties, but most range between £20 and £30. The guaranteed price is £48.94 a tonne.

While farmers are earning as little as ½p a pound for their produce, retail prices have remained unchanged at about 4p to 5p a pound in most shops.

The Potato Board says the flood of potatoes on to the market has been caused by the pressure on farmers with little or no storage space.

Some have to clear the ground to make room for their autumn plantings of cauliflower and cabbage. Others simply have no room to stock potatoes and are in any case preoccupied with the cereals harvest. And there are those who simply need the cash.

The board has offered a tip to growers without space to store. It suggests that a heap of potatoes can be kept satisfactorily for a short time in the open, provided it is protected from the light and the worst of the weather by a covering of straw.

Further difficulties facing potato growers include the danger of blight which is now present to some extent in almost all parts of the country. Farmers are warned to watch carefully and be ready to burn off the tops of their potato plants—the most effective way of preventing the disease from rotting the tubers.

Humid weather is blamed for the rapid spread of blight after a remarkably disease-free start to the growing season, and the rain is also blamed for the threat of a glut of over-sized potatoes.

Tubers are swelling rapidly and growers have been reminded that standards do not permit the marketing of maincrop potatoes more than 6¼ in long and 3.15 in in diameter.

The Ministry of Agriculture said that most potato growers should now have received some notification of the market support measures announced by the Government on August 8.

The Government, expecting a surplus of 500,000 tonnes of potatoes this year, is offering to buy 10 per cent of every registered producer's crop, but this has not yet had time to have any effect on the market.

Potatoes bought under such support programmes are usually kept in store until the end of the season when the true supply-demand picture can be assessed.

Then they may be released back on to the market for human consumption, sold cheaply to processors, fed to livestock, or destroyed.

Strong rise in copper market

By John Edwards, Commodities Editor

COPPER PRICES moved up strongly on the London Metal Exchange yesterday, encouraging higher values for lead and zinc, too.

Copper cash wirebars gained £10.5 to £750.5 a tonne, cash lead was £10.5 higher at £335.25 and zinc was £6.5 up at £321.

The continuation of the Peruvian miners' strike, currency fluctuations, and a higher trend on the New York copper market all helped to lift London prices.

A feature of the market was the continued narrowing of the discount of the cash wirebars price to the three months quotation. The gap (contango) narrowed to £13.75 at the close yesterday compared with £16.75 at the end of last week.

Dealers claim that this narrowing is caused by the reluctance of holders of copper stocks to "lend" them to the market—by selling cash metal and buying an equivalent amount forward. Although LME warehouse stocks of copper still total a massive 460,000 tonnes, there has been a considerable outflow in recent months and further substantial shipments out are being forecast to meet some heavy buying by Far Eastern countries, notably Japan.

The inflow of supplies has been disrupted by delays in shipments from Zaire, Zambia and now Peru, which has forced merchants and consumers to draw on LME stocks too. This tightening of available supplies, with merchants tending to hold on to stocks, has given the market a firm undertone.

ORANGE JUICE

Brazil aiming for new export record

BY SUE BRANFORD IN SAO PAULO

ALTHOUGH MANY consumers do not know it, the chances are that the orange juice you sip with your lunch in any European city comes from Brazil. For this South American country now accounts for four-fifths of world exports of concentrated unsweetened orange juice.

The US is still, in fact, a larger producer, but most of its juice is drunk locally by the rich, vitamin C-conscious Americans. On the other hand, Brazil, which is still a poor country despite recent growth, sends 90 per cent of its juice abroad. While many Brazilians frequently squeeze oranges to make a drink, very few have ever tried canned fruit juice.

With the support of generous export incentives, Brazil's manufacturers have reached this dominant position in the world market in a relatively short period. In 1970, Brazil sold 33,500 tonnes, worth $14.7m. By last year its sales reached 213,500 tonnes, bringing in record export earnings of $177m.

Last year's high prices, which were 75 per cent up on the average level in 1976, were partly the result of frosts in Florida in January 1977, which brought fears of a serious world-wide shortage.

The rocketing prices cut down the increase in world consumption, which had been growing at a remarkable 20 per cent per annum, to a more moderate three to four per cent.

Nonetheless, thanks to good early year sales at the end of Brazil's 1977-78 orange harvest, exports will undoubtedly top $200m this year, with Brazil increasing its share of world trade to about 80 per cent.

Local manufacturers are determined to maintain this position. They are not concerned about competition from the U.S. or Israel, which cannot match Brazil's low costs. In tacit recognition of this, Israel has recently moved away from juice into canned oranges and other more sophisticated orange products.

In the longer term, the main threat, Brazil believes, comes from Cuba, which has recently greatly increased its orange tree plantations and is setting up modern crushing plants, equipped with U.S. machinery. At present Cuba is selling mainly to Eastern Europe.

But the recent growth in this sector in Brazil has not been problem-free. Five years ago, there were eight crushing plants, although six of them were in a shaky financial situation which was aggravated by falling world prices. All eight were situated in the state of Sao Paulo which is responsible for about 70 per cent of Brazil's orange production.

Italian Sanderson do Brasil was the first to go, announcing bankruptcy in 1974. It was unexpectedly taken over by the Sao Paulo state Government in view of the serious social problems faced by the several thousand farmers dependent on Sanderson as an outlet for their oranges. A new company — Frutesp — was formed.

Last year, the process of concentration speeded up greatly. The two biggest companies—Cutrale and Citrossuco—made an agreement to work closely together and between them bought up three of the crushers.

A fourth—Citrobrasil—was not absorbed by this powerful group because Cargill made an offer first. Now, three groups—Frutesp, Cutrale-Citrossuco and Cargill—effectively control the industry.

Success

The most remarkable success story has undoubtedly been Frutesp which, although state-owned, has been run on modern, professional lines since the take-over. In an unusual departure, a group of experienced, hard-headed businessmen was given *carte blanche* to put the enterprise back on its feet.

Although great changes had to be pushed through in both factory and financial management, the venture has been a great success. According to Mr. George Pikielby, Frutesp's commercial director, juice production has risen from 3,000 tonnes in the 1975-76 harvest year to 31,000 tonnes in 1977-78 and this year to an estimated 40,000 tonnes, which is the plant's full capacity.

Moreover, Frutesp formed a co-operative with 5,000 orange farmers in the region around Bebedouro, in the interior of the state of Sâ Paulo where the factory is situated.

Members have been allowed increasing participation in management. In an unprecedented step last year, they were given a bonus out of the exceptionally good profits of Cr$ 5 (25p), over and above the fixed price of Cr$ 28 (90p), for each box of oranges sold to the factory.

As the crowning point of the successful strategy, at the end of the year the state government will be drawing up a scheme for gradually selling the plant to the co-operative members.

Although its members produce about 45m boxes of oranges, Frutesp can handle only about 14m boxes. As farmers clearly prefer dealing with Frutesp, rather than with its competitors (who do not pay bonuses), Frutesp plans to double its capacity within three years so that it can then handle about 28m boxes, producing about 80,000 tonnes of concentrated juice.

Cutrale-Citrossuco is by far the largest group, producing together about 200,000 tonnes of concentrated juice a year. Rather than expanding crushing capacity, which is now more than adequate after the recent takeovers, this group is moving rapidly into orange farming so that it can integrate operations.

It is believed that the group bought at least one of the rival companies — Citrorrico — with more of an eye to the extensive lands it possessed, with over 1m orange trees, than to the crushing facilities.

Even before the recent purchases, Mr. Jose Luiz Cutrale, owner of Cutrale, was already believed to be the largest orange farmer in the world, with his 3m orange trees. His policy is being fiercely combated by the independent orange farmers who consider their livelihood to be threatened.

Apart from management skill, Brazil's success story as juice exporter is also due to the country's natural advantages for orange production, which enable it to keep costs low. The state of Sao Paulo grows 10 or 11 different varieties of oranges, which ripen at different periods of the year.

Manufacturers, however, are not quietly waiting for the market to grow, but taking active steps to stimulate it. Cutrale has formed a 50-50 joint venture with Coca-Cola to set up a plant for long-life reconstituted and concentrated orange juice, ready to be retailed in 200 mg and 1 litre cardboard packs.

With a total investment of $15m over three years, the manufacturers are looking mainly at the African and Middle East markets where both refrigerated storage facilities and good-quality water are in short supply.

Big Argentine maize crop

By Our Own Correspondent

[T]HE OFFICIAL final estimate of this year's Argentine maize crop puts it at 16.9 per cent larger than the 1977 crop—and 17 and ... per cent, respectively, larger than the average over the last five and ten years.

However, bigger export earnings from the 1978 crop are not expected because of the general low quality of the maize added to the $10 a ton drop in the price of maize, fob Buenos Aires, since May 1.

The National Grain Board is concerned about the fall in the quality of the maize this year, and it is reported that they will announce soon reforms in the "standardisation" system of grains.

This year's larger maize crop—estimated at 9.7m tons—is mainly the result of a higher yield per hectare.

Brazil crop fears boost coffee

BY RICHARD MOONEY

COFFEE PRICES on the London futures market rose to their highest levels since the end of June yesterday, encouraged by what dealers saw as "alarmist" reports of Brazilian frost damage.

They said the rise, which lifted November delivery Robusta coffee £86 to £1,478 a tonne, was also partly due to producer demands for a higher International Coffee Agreement "floor" price and continued nervousness about the African supply situation following the death of President Jomo Kenyatta of Kenya.

Sr. Camillo Calazans, president of the Brazilian Coffee Institute, told a coffee producer meeting in Bogata yesterday that last week's frost had cut the Institute's estimate of the 1978-79 Brazilian crop to 16m-17m bags (60 kilos) each.

London dealers commented that such an estimate must be based on little more than guesswork at this stage. They said it would be several weeks before any reliable estimate of frost damage would be available. But few actually argued with the figure.

Where they did disagree profoundly with the IBC president, however, was on the extent of the frost damage indicated by the new estimate. Sr. Calazans has chosen to compare the new figure with an earlier estimate putting next season's crop at 25m bags, indicating frost damage of 8m. or 9m bags. But the dealers claim they had never before heard this 25m bags crop figure quoted. Most had been working on a 1978-79 figure of 20m-22m bags.

Such considerations are obviously largely academic now but the London dealers pointed out that a 36 per cent crop loss sounded far more alarming than a 27 per cent loss even when both figures result in the same crop estimate. And many felt that even the lower percentage grossly overstated last week's frost damage. Some traders put the damage at 2m bags, representing a loss of only nine per cent.

Sr. Calazans added further to the upward pressure on the market by proposing that the price support range in the International Coffee Agreement should be raised to $1.50-2.20 a pound.

At present the ICA "floor" price is 77.46 cents a pound and Coffee Organisation indicator prices range between 134 cents a pound (Robustas) and 181 cents a pound (Colombian Arabicas). The indicator price for Brazilian unwashed Arabicas is 145.5 cents a pound.

Sr. Calazans told the Bogota meeting that the price range he proposed would be a viable level for producers and fair to consumers. He also favoured the "rapid establishment" of an international coffee reserve fund through which prices could be regulated. "Consumer countries must share with producers in the costs of establishing the fund," he added.

The Colombian finance minister, Jaime Garcia Parra, also called for producer involvement in price stabilisation.

"We believe that lack of co-operation between producers and consumers in running coffee policies would be bad for both sides," he said. Colombia was opposed to major fluctuations in coffee prices. "Spectacular price increases lead to lower consumption and nobody benefits," he declared.

Danes land banned cod

HANSTHOLM, DENMARK, August 23.

DANISH FISHERMEN started to land and sell North Sea cod here and in other west coast ports today but faced Government seizure of profits for ignoring a catch ban that went into force on Monday.

Fisheries inspectors did not intervene when the illicit cod was brought ashore and went up for auction at the fish market here. But a spokesman for the fisheries ministry in Copenhagen said that the proceeds would be confiscated.

The Ministry fears that the cod ban, announced last week in a bid to conserve North Sea stocks, was misunderstood by many fishermen. The midnight Monday deadline applied strictly to landing fish not catching it, the spokesman said.

Reuter

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

York trend before easing back to £752.5 owing to trade selling. However, this selling was well absorbed and the market lifted on the morning kerb to the morning's high. In the afternoon a higher than expected opening on Comex saw the market here rise to £756 with good volumes traded around the higher levels. Profit-taking on the late kerb, however, [illegible]

TIN—Firmer. The rise in the Penang price coupled with some good U.S. and European physical demand saw forward standard material open at £6,700 and move up to £6,7[illegible]. This level attracted profit-taking, however, with the price easing back to £6,7[illegible] on the morning kerb. The afternoon trading was subdued with forward metal opening at £6,710 before [illegible]

[illegible]

COFFEE

ROBUSTAS opened sharply higher on revised estimates from Brazil over the extent of recent frost damage, Drexel Burnham Lambert reported. The market [illegible]

[illegible]

SOYABEAN MEAL

[illegible]

GRAINS

[illegible]

WOOL FUTURES

(Pence per kilo)

[illegible]

COTTON

LIVERPOOL COTTON—Spot and shipment sales amounted to 23 tonnes, bringing the total for the week so far to 155 tonnes, F. W. Tattersall reported. Only minor transactions were recorded with support mainly in the Middle Eastern qualities.

SILVER

[illegible]

COCOA

[illegible]

RUBBER

[illegible]

MEAT/VEGETABLES

[illegible]

SUGAR

LONDON DAILY PRICE [illegible]

'Aluminium futures not justified'

NEW YORK, August 23.

THERE IS no justification for futures trading in aluminium, according to Mr. W. H. Krome George, chairman of Alcoa, the world's biggest aluminium producer.

Mr. George, commenting on the news that the London Metal Exchange will begin aluminium contracts, wondered how a futures market could be created for ingot which had hundreds of specifications.

"Also, the aluminium that would be traded would be very narrow in terms of the percentage of the total metal traded in open markets," Mr. George said. "Having traders speculate in a small percentage of the market is always destabilising."

Reuter

INDIA CONTROLS CHROME EXPORTS

NEW DELHI, August 23.

The export of chrome ores and concentrates from India will be channelled only through the state-owned Minerals and Metals Trading Corporation, an official notification said today.

The order, which came into effect immediately, said exports would be allowed within "a limited ceiling" in respect of certain specified grades, but gave no reason for the move.

Reuter

PRICE CHANGES

Price per tonne unless otherwise stated

[illegible]

FINANCIAL TIMES

REUTER'S

DOW JONES

MOODY'S

[illegible]

U.S. Markets

Rally by precious metals

NEW YORK, August 23.

[illegible]

STOCK EXCHANGE REPORT

Equities eventually succumb to public profit-taking

Gold shares weaken sharply as bullion price falls

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Aug. 7	Aug. 17	Aug. 18	Aug. 30
Aug. 21	Aug. 31	Sep. 1	Sep. 12
Sep. 4	Sep. 14	Sep. 15	Sep. 26

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

The recent upsurge in leading Industrials faltered yesterday on more persistent profit-taking sales from public holders, but the majority of secondary issues made further progress. South African Gold shares, however, were beset by news that the U.S. intended from November to double the amount of gold for sale at its monthly auctions; this in turn caused a sharp lowering in the bullion price.

A feeling of caution was evident immediately dealings began in the equity leaders. ICI, in particular, attracted many modest sales, most of which were ultimately absorbed by institutional interest at slightly lower limits. Selective large deals also took place in other quality stocks without too much disturbance of market levels and for a while the tendency appeared to settle.

Late in the day, fresh easiness developed on a disposition by jobbers to tentatively lower values because of buyers' late reservations. The FT Industrial Ordinary share index, after being a mere 0.2 off at the noon calculation, finally surrendered Tuesday's gain of four points to close at 519.2.

Earlier, business in second-line issues had continued on a reasonable scale with good features occurring in situation stocks and in companies reporting trading announcements. The Oil section especially benefited from reports that Saudi Arabia was opposed to any fresh increase in the price of crude oil.

Good shares floundered on the unexpected U.S. move and closed only marginally above the day's worst. The bullion price lost $6¼ to $200⅜, while the FT Gold Mines index gave up 7.2 to 173.2 for a loss of 31.4 in the past seven trading sessions.

Unaffected by the surrounding events, British Funds traded quietly and closed with little change after having been slightly easier. Corporations, too, were inactive and recorded scattered changes either way.

Renewed arbitrage and institutional selling again made its mark on the investment currency premium which, in the absence on any worthwhile support, settled at the day's lowest of 98½ per cent, down a point on balance. Yesterday's SE conversion factor was 0.6796 (0.6737).

Another active day in the Traded Options market saw 899 contracts completed by the close. Nearly 69 per cent of these were transacted in three stocks with Cons Gold particularly active, recording 313 contracts, 153 in the January 200 series; prices of its October 160 and January 160 series lost 8½ to 30½p and 6 to 33p respectively. ICI continued to attract a good demand ahead of the interim results on September 7 and closed with 176 contracts done, while BP had 131; prices of the latter's October 750 and 800 series declined 13 to 181p and 14 to 132p despectively.

Home Banks easier

The major clearing banks drifted lower on lack of support. Lloyds, 270p, and Midland, 360p, lost 8 apiece, while Barclays cheapened 5 to 353p as did NatWest, to 275p. Elsewhere, still reflecting the ½ per cent reduction in South African bank rate, Standard Chartered improved 10 more to 452p, while Hong Kong and Shanghai rallied 4 to 344p on further consideration of the interim results. Compagnie Bancaire firmed 3¼ points to £70½.

Interest in the Building sector slackened noticeably and the majority of the day's movements were limited to a few pence either way. London Brick, a firm market of late, came back 3½ to 76½p following the half-yearly results. Leading Contracting issues to give ground after the recent good run up included Taylor Woodrow, 446p, and R. Costain, 234p, both down 4. By way of contrast, Brown and Jackson encountered further demand at 198p, up 6, while Travis and Arnold were also wanted and improved a similar amount to 157p.

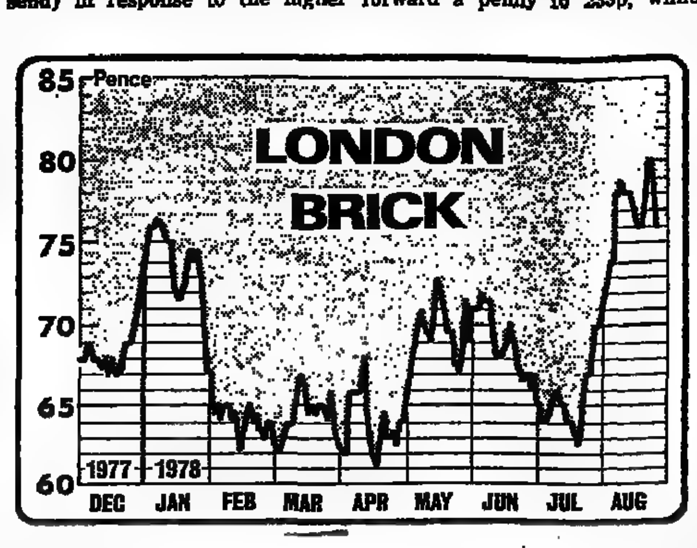
ICI closed 4 cheaper at 408p, but persistent small selling throughout the day was fairly easily absorbed. Elsewhere in Chemicals, recent Press mention continued to stimulate interest in Coalite, which advanced 4 more to 79p, while Yorkshire came to life with a similar gain at 104p. Blagden and Noakes continued to reflect disappointment with the preliminary results and eased 3 further to 260p.

House of Fraser down

Nervous offerings in front of today's interim results brought about a reaction of 6 to 168p in House of Fraser. Other Store leaders eased slightly. Elsewhere, profit-taking after the recent rise on bid hopes left James Walker 4 off at 118p and the N/V 3 lower at 112, while Bourne and Hollingsworth gave up 3 to 280p for a similar reason. H. Samuel A, however, revived with a gain of 6 to 192p. Church put on 4 more to 191p following renewed demand ahead of the interim results due next Thursday and K rose 5 to 81p

Campbell and Isherwood rose 8 to 140 in Electricals, while renewed support in thin markets lifted Louis Newmark 13 to 223p and United Scientific a further 18 to 382p. Lec Refrigeration edged forward a penny to 78p awaiting today's interim report while Philips Lamp put on 20 to 980p. Against the trend, Brocks eased 2 to 69p on second thoughts about the half-yearly statement.

Profit-taking continued in John Brown after the recent good rise on hopes of a bid from Hawker and prompted a further reaction of 6 to 472p, after 468p. Other Engineering leaders were quietly dull with Hawker 4 lower at 244p and Tubes a like amount easier at 432p. Secondary issues were featured by a fresh leap of 23 to 233p in Victor Products (Wallsend) in response to the higher annual profits and proposed scrip-issues in ordinary and preference shares. Still drawing strength from recent investment comment, B. Elliott added 3 more to 150p, while Turriff revived with an improvement of 6 to 85p. Martonair International also added 6, to 210p, and improvements of around 4 were seen in Cartwright, 69p, Francis Industries, 81p, and West Bromwich Spring, 34p. Among Shipbuilders, buying on hopes of early compensation payment news helped Vosper to advance 10 more to 230p.



Following recent strength, Associated Dairies dropped back in active trading and closed 11 cheaper at 254p following the preliminary figures and scrip issue proposal. Elsewhere in Foods, Brooke Bond provided another casualty at 49½p, down 3, on concern about the company's Kenyan interests and the situation in the coffee market following reports of the loss of a substantial part of the Brazilian crop. J. Lyons reflected mounting institutional opposition to the Allied Breweries bid by falling 4 to 129p, while Bluebird Confectionery, 73p, and J. Sainsbury, 230p, lost 5 apiece. News of the deteriorating labour situation in the bakery industry unsettled RHM, a shade easier at 59½p, and Associated British Foods, 2 cheaper at 75p. Rowntree Mackintosh attracted renewed interest and rose 11 to 435p for a two-day improvement of 23; the interim figures were announced on September 21 last year. Meat Trade Suppliers rose 4 for a two-day gain of 7 to 85p on the preliminary figures.

Having risen 12 the previous day on good demand, Rank Organisation were standing steady to firm yesterday at around 274p when reports of the joint television venture with the Japanese concern Toshiba attracted further buying interest which left them a net 8 higher at 280p, after 284p. Scottish Universal Investments firmed 6 to 128p and Boots edged forward a penny to 233p, while other miscellaneous Industrial leaders drifted lower. Profit-taking after the recent good rise ahead of the 100 per cent scrip issue on September 4, brought about a reaction of 9 to 638p in Pilkington, while Unilever, a firm market since last week's good second-quarter figures, gave up 6 to 590p. Elsewhere, nervous selling on concern about the group's substantial Kenyan interests following the death of Jomo Kenyatta prompted a fall of 16 to 162p in Marshalls Universal, while profit-taking left AGB Research and Ricardo 10 lower at 136p and 290p respectively. A resurgence of speculative buying in a restricted market left London Pavilion 1½ points up at £9, while Johnson Group Cleaners gained 6 to 112p in response to the doubled interim earnings. Comment on the record profits and proposed 200 per cent scrip issue helped Restmor to improve 12 more to 187p, for a two-day gain of 30, while improvements of 8 and 10 respectively were recorded in Centreway Securities, 289p, and Siebe Gorman, 208p.

Motor Distributors maintained the recent good performance, closing with gresh gains following a light trade. H. Perry closed with a rise of 5 to a 1978 peak of 132p, while small buying in restricted markets left CGSB 3 harder at 24p and Charles Hurst 8 to the good at 95p.

Lack of fresh buying interest and scattered offerings were responsible for a fairly modest setback in Newspapers. Associated gave up 4 to 196p and Daily Mail "A" a similar amount to 360p, while News International closed 2 cheaper at 278p. Against the trend, United firmed 5 to a peak for the year of 382p.

A much quieter day in the Property sector was featured by a jump of 20p to 285p in McKay Securities in response to the property revaluation which accompanied the annual results. Elsewhere, Chesterfield were noteworthy for a rise of 7 at 357p, while fresh interest was shown in Bellway, 2½ dearer at 74p. On the other hand, falls of 5 were marked against Bradford, 265p, and Property and Reversionary "A," 315p. Dealings were temporarily suspended in Glanfield Securities at 305p; the company announced yesterday that discussions are taking place which may lead to an offer for the shares.

Oils continue firmly

Encouraged by a report that Saudi Arabia intends to hold oil prices until the end of the year, Oil shares continued to trade firmly but final quotations were again well below the best. British Petroleum were actively traded and touched 926p before settling at 916p for a rise of 8 on balance, sentiment here also being helped by the company's decision to include Sohio's income on a fully consolidated basis in the group's results. Shell were also a lively market, but closed only 3 dearer at 598p, after 602p. Elsewhere, fading bid hopes continued to depress Siebens (UK) which reacted 8 further to 376p. Tricentrol however, firmed 4 to 182p and Lasmo OPS put on 5 more to 355p.

Ocean Wilsons figured prominently in Overseas Traders, rising 6 to 91p as investment demand revived. James Finlay contrasted with a fall of a like amount to 111p on concern about the future of the company's Kenyan interests.

Investment Trusts remained neglected and prices rarely moved more than a penny or two from the opening levels. In Financials, Challenge Corp. hardened 2 to 142p on the preliminary figures and capitalisation proposal.

Textiles were noteworthy only for renewed speculative interest in Dawson International, the ordinary and A both closing 3 better at 151p and 130p respectively.

Guthrie featured late in Plantations, closing 35 higher at 400p, while Consolidated Plantations were active and 2½ better at 50p.

Heavy falls in Golds

News that the U.S. Treasury is to more than double the amount of gold on sale at its monthly auctions from November caused the bullion price to drop below the $200 level to $198.35 before picking up slightly to close $6.25 down at $200.375 per ounce and prompted widespread and heavy falls in South African Golds.

The Gold Mines index dropped 7.2 to 173.2—its lowest level for nearly a month.

Share prices were marked down heavily at the outset, rallied modestly on bear covering then dipped afresh before closing a shade above the day's lowest levels.

Heavyweights bore the brunt of some substantial overnight U.S. selling with Randfontein finally £2½ down at £36¾, West Driefontein, £23¾, Free State Geduld, £18¾ and Western Holdings, £21¼, all around a point off and Hartebeest ¾ cheaper at £13. Among lower-priced stocks Doornfontein fell 28 to 333p and Venterspost 16 to 22p.

South African Financials mirrored the trend in Golds. De Beers also suffered from profit-taking following the half-year results with the shares falling to 426p before finishing a net 25 down at 428p. Issues with large holdings in De Beers also fell, Anglo American Corporation giving up 20 to 338p, after 359p, and Anglo American Investment Trust closing £1¼ down at £45¼.

The downturn in the bullion price affected sentiment in London-based Financials. Gold Fields declined 8 to 185p, while Selection Trust gave up 12 to 450p and Charter 3 to 155p.

The platinum price fell in line with gold and depressed platinum shares. Rustenburg closed 4 off at 97p and Bishopsgate 3 easier at 102p.

Australians were quietly mixed reflecting the lack of direction in overnight Sydney and Melbourne markets.

On the other hand, the return to profitability prompted a rise of 10 to 320p in Consolidated Gold Fields Australia.

Elsewhere offerings from the Cape lowered Consolidated Murchison by 10 to 235p.

Colt Cars offer payment scheme

THE Colt Car Company, of Cirencester, in conjunction with the United Dominion Trust, has introduced a scheme whereby dealers may pay for cars held in stock only when they are sold.

The scheme will enable dealers to order stock in the normal way and, on delivery, it is invoiced to UDT on 180 day consignment. The dealer may adopt the stock at any time he chooses or at time of sale, or at 180 days—whichever is sooner. Interest is charged at 35p per £1,000 per day.

FINANCIAL TIMES STOCK INDICES

—	Aug. 23	Aug. 22	Aug. 21	Aug. 18	Aug. 17	Aug. 16	A year ago
Government Secs.	70.66	70.58	70.45	70.75	[illegible]	71.09	70.27
Fixed Interest	72.63	72.53	72.52	72.61	72.83	[illegible]	[illegible]
Industrial Ordinary	519.2	523.2	519.2	512.9	509.5	510.0	[illegible]
Gold Mines	175.2	182.4	179.7	186.1	187.9	[illegible]	[illegible]
Ord. Div. Yield	5.15	5.13	5.16	5.22	5.27	[illegible]	[illegible]
Earnings, Y'ld% (full)(*)	15.38	15.21	15.41	15.59	15.72	[illegible]	[illegible]
P/E Ratio (net)(*)	8.64	8.68	8.62	8.62	8.55	[illegible]	[illegible]
Dealings marked	5,895	5,727	4,541	5,579	4,997	[illegible]	[illegible]
Equity turnover £m	—	106.87	79.82	100.81	79.65	78.41	60.42
Equity bargains total	—	20,880	15,116	20,738	14,668	17,874	[illegible]

10 am 521.4. 11 am 521.0. Noon 522.0. 1 pm 522.3.
2 pm 521.9. 3 pm 521.4.
Latest Index 01-246 8026.

* Based on 52 per cent corporation tax. † Nil=8.49.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1978 High	1978 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	78.58 (5/1)	68.79 (5/6)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1)	70.73 (6/6)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	525.2 (22/8)	433.4 (2/3)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	206.6 (14/8)	130.3 (5/1)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	Aug. 23	Aug. 22
—Daily		
Gilt-Edged	118.4	146.1
Industries	232.9	212.4
Speculative	43.1	44.2
Totals	134.2	180.4
5-day Av'rage		
Gilt-Edged	140.0	146.7
Industrials	202.6	197.5
Speculative	46.0	46.5
Totals	132.2	131.0

NEW HIGHS AND LOWS FOR 1978

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978.

NEW HIGHS (149)

CANADIANS (1)
BANKS (2)
BUILDINGS (13)
CHEMICALS (6)
DRAPERY & STORES (11)
ELECTRICALS (12)
ENGINEERING (22)
FOODS (6)
INDUSTRIALS (33)
INSURANCE (2)
LEISURE (7)
MOTORS (5)
NEWSPAPERS (2)
PAPER & PRINTING (3)
PROPERTY (11)
SHIPBUILDERS (2)
SHOES (2)
TEXTILES (7)
TRUSTS (9)
OILS (3)
RUBBERS (2)
TEAS (1)
MINES (1)

NEW LOWS (1)

INDUSTRIALS (1)
Tebbitt

LONDON TRADED OPTIONS

Option	Ex'rcise price	October Closing offer	October Vol.	January Closing offer	January Vol.	April Closing offer	April Vol.	Equity close
BP	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BP	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
BP	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
BP	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
BP	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Com. Union	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Com. Union	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Com. Union	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Cons. Gold	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Cons. Gold	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Cons. Gold	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Courtaulds	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Courtaulds	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Courtaulds	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Courtaulds	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
GEC	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GEC	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
GEC	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
GEC	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
GEC	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
GEC	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Grand Met.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Grand Met.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Grand Met.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
ICI	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ICI	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
ICI	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
ICI	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Land Secs.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Land Secs.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Land Secs.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Land Secs.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Marks & Spcr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Marks & Spcr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Marks & Spcr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Marks & Spcr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Shell	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Shell	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Shell	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Totals			[illegible]		[illegible]		[illegible]	

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Aug. 15	Aug. 29	Nov. 9	Nov. 21
Aug. 30	Sep. 11	Nov. 23	Dec. 5
Sep. 12	Sep. 25	Dec. 7	Dec. 19

For rate indications see end of Share Information Service

Money was given for the call in Thomson Organisation, May and Hassell, English Property, Ultramar, Pritchard Cleaners, Audiotronic, K. O. Boardman, Frank Gates, Spillers, B. Elliott, Unigate, Talbex, Richards and Wallington, Mettoy, Cons. Gold Fields, Burton Warrants, Sumrie, Wholesale Fittings, Ward and Goldstone, Farnell Electronics, British Land and Johnson Group. Puts were done in Burmah Oil, R. Costain, Blue Circle and Geo. Wimpey, while doubles were arranged in English Property, Siebens (UK), Sumrie and Ladbroke Warrants.

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	2	4	72
Corpns. Dominion and Foreign Bonds	4	4	56
Industrials	353	309	876
Financial and Prop.	104	87	319
Oils	7	3	25
Plantations	14	12	5
Mines	7	94	37
Recent Issues	9	3	25
Totals	500	506	1,414

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978 high	1978 low
BP	£1	25	916	+ 8	926	720
Rank Organisatn.	25p	15	280	+ 8	284	226
Shell Transport	25p	14	598	+ 3	602	484
ICI	£1	12	408	− 4	414	328
United Scientific	25p	10	382	+18	382	260
BATs Deferred	25p	9	304	—	304	227
Barclays Bank	£1	9	353	− 5	368	296
Lyons (J.)	£1	9	129	− 4	145	72
Boots	25p	8	233	+ 1	233	184
De Beers Deferred	R0.05	8	428	−25	464	285
GEC	25p	8	313	− 2	317	233
Ocean Transport	25p	8	111	+ 0½	138	104
Grand Met.	50p	7	118	− 2	121	87
Restmor	25p	7	187	+12	190	114
Royal Insurance	25p	7	403	+ 3	425	343

APPOINTMENTS

Lloyds Bank regional post

Mr. Michael H. L. Lewis has been appointed to the Bristol Regional Board of LLOYDS BANK. He is deputy chairman and managing director of R. A. Lister and Co., a member of the Hawker Siddeley group.

Mr. J. F. Chilcott has been appointed management services director, BRITISH GAS CORPORATION.

★

Mr. T. Evans has been appointed company secretary of the MENTMORE MANUFACTURING COMPANY in place of the late Mr. J. T. Miller.

★

Mr. D. Ludlow has been appointed a director of LDA LEASING. He was previously with Minet Leasing Services.

★

Carpets International has appointed Mr. Malcolm M. Deacon as managing director of PACIFIC CARPETS INTERNATIONAL PTY.

★

Mr. Harold Page has been elected chairman of the HEART of ENGLAND BUILDING SOCIETY following the retirement of Mr. T. D. Kelly, who continues as a director of the Society. Mr. George Smith has become vice-chairman.

★

Mr. Adrian C. Buckmaster has been appointed deputy managing director of DOWTY MINING EQUIPMENT.

★

Mr. Frank A. Onians has been made director and general manager, and Mr. Frank H. Johnson appointed to the newly-created post of director of operations and deputy general manager, of the transmission division of PLESSEY TELECOMMUNICATIONS.

★

Mr. John A. Formby has been appointed by RONEO VICKERS office equipment group as managing director of the reprographics division. He was formerly head of Roneo Vickers South Africa (Pty).

★

The following appointments have been made as part of the £30m investment programme and the restructuring of stores being undertaken by INTERNATIONAL STORES. Three separate retail divisions are to be created, each controlled on a day-to-day basis by a chief executive who is already a member of the board of International Stores. Two divisions will operate from October, namely the supermarkets division and the Pricerite discount stores division. The third will be known as the superstores division.

Chief executive of the supermarkets division will be Mr. Mike Groves who will retain his position as joint managing director of International Stores. Mr. Harold Deakin will be chief executive of the Pricerite division and he will remain a director of International Stores. The organisation of a superstores division is being undertaken by Mr. Bob Muir, at present International's retail director, and this responsibility will be in addition to his activities in the new supermarkets division pending the formation of a separate organisation for Superstores.

★

Mr. David Whittaker has been appointed to the board of RACAL GROUP SERVICES in the newly-created position of director of legal services.

★

Mr. P. R. Clear, general manager of the pharmaceutical division of Fisons Pty., the Fisons Group's Australian company, has been appointed a director of that concern.

★

Mr. Michael R. Speakman has been appointed managing director, north west region, of the building division of HENRY BOOT CONSTRUCTION.

★

Mr. Gerald D. Britton has been appointed finance director for the HOWE RICHARDSON SCALE COMPANY.

★

Mr. R. Battison has been appointed financial director of COMMERCIAL CREDIT SERVICES HOLDINGS and Mr. R. D. Winters has become operations director.

★

Mr. Peter Facey has been appointed director of R and D for ARBAT (UK) and will be responsible for its new research centre at Ashford, Kent.

★

Mr. D. C. Lennon has been appointed chairman of CAPITAL PLANT INTERNATIONAL, a member of the Mitchell Cotts Group.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p	+ or −	Div.	Times Covered	Gross Yield	P.E. Ratio
86	F.P.	[illegible]	[illegible]	[illegible]	Cartiers Superfoods	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.1
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
100	F.P.	[illegible]	[illegible]	[illegible]	Brotherton	[illegible]	[illegible]	[illegible]	[illegible]	2.0	18.7
86	F.P.	[illegible]	[illegible]	[illegible]	Hunting Petr. Services	[illegible]	[illegible]	[illegible]	[illegible]	7.8	6.3
116	F.P.	[illegible]	[illegible]	[illegible]	Jones (E.) (Jewellers)	[illegible]	[illegible]	[illegible]	[illegible]	5.4	15.2

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price £	+ or −
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Birmingham Var. Rate 83-88	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Caffyns 10% Pref.	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Camden Var. Rate Red. 1983	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Do. 12% Red. 1986	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Central & Sherwood 10% Pref.	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Crosby Spring Interiors 10% Pref.	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	E.R.F. 10% Cum. Pref.	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	East Anglia Water 7% Red. Pref. 1983	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	G. R. Holdings 10½% Pref.	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Mooloya 12% Partly Conv. Uns. Ln. '86-'88	[illegible]	[illegible]
100p	Nil	[illegible]	[illegible]	[illegible]	Negretti and Zambra 9% Cnv. Pref.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Northampton Var. Rate Red. 1983	[illegible]	[illegible]
100p	F.P.	[illegible]	[illegible]	[illegible]	Pittman 10% Cum. Pref.	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	[illegible] 9½% Cum. Pref.	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Sotheby Parke Bernet 9% Cum. Pref.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Stratford-on-Avon Var. Rate Red. 1983	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Sutcliffe Speakman 10½% Cum. Pref.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Southend-on-Sea 12% Red. 1983	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Wandsworth Variable 1983	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p	+ or −
320	Nil	[illegible]	[illegible]	[illegible]	Bank of Montreal	[illegible]	[illegible]
50	Nil	[illegible]	[illegible]	[illegible]	Blackwood Hodge	[illegible]	[illegible]
[illegible]	Nil	[illegible]	[illegible]	[illegible]	Braithwaite & Co.	[illegible]	[illegible]
[illegible]	Nil	[illegible]	[illegible]	[illegible]	Leeds (Wm.)	[illegible]	[illegible]
[illegible]	Nil	[illegible]	[illegible]	[illegible]	Lex Services	[illegible]	[illegible]
[illegible]	Nil	[illegible]	[illegible]	[illegible]	Norton (W. E.)	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Property Partnerships	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Sutcliffe Speakman	[illegible]	[illegible]
[illegible]	Nil	[illegible]	[illegible]	[illegible]	Tecalemit	[illegible]	[illegible]
[illegible]	Nil	[illegible]	[illegible]	[illegible]	Williams J'm'ns & S'cs. Cv. [illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Yorkshire Chemicals	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1977. q Gross. † Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. || Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. †† Minimum tender price. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ||| Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

No.	EQUITY GROUPS — GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Wed., Aug. 23, 1978 Index No.	Day's Change %	Est. Earnings Yield % (Max.) Corp. Tax 52%	Gross Div. Yield % (ACT at 33%)	Est. P/E Ratio (Net) Corp. Tax 52%	Tues. Aug. 22 Index No.	Mon. Aug. 21 Index No.	Fri. Aug. 18 Index No.	Thurs. Aug. 17 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (170)	247.74	−0.5	15.51	4.97	8.88	248.95	245.83	243.32	242.37	[illegible]
2	Building Materials (27)	225.45	−0.5	15.52	4.94	9.08	226.68	222.85	220.09	[illegible]	[illegible]
3	Contracting, Construction (27)	410.60	−0.7	16.99	3.62	8.54	413.64	409.79	404.72	400.76	[illegible]
4	Electricals (14)	532.77	−0.4	13.44	3.46	10.35	535.08	532.09	527.19	522.94	[illegible]
5	Engineering Contractors (14)	364.87	+0.3	16.51	5.68	8.07	363.73	357.24	354.37	352.35	[illegible]
6	Mechanical Engineering (72)	197.68	−0.5	16.61	5.49	8.05	198.68	195.45	193.61	193.22	[illegible]
8	Metals and Metal Forming (16)	180.55	−0.6	15.59	7.82	8.73	181.64	179.38	177.58	177.81	[illegible]
11	CONSUMER GOODS (DURABLE) (52)	225.52	−0.4	15.45	4.69	9.01	226.33	222.13	221.88	219.37	[illegible]
12	Lt. Electronics, Radio TV (15)	277.75	−0.5	13.40	3.67	10.43	279.14	273.57	273.78	268.70	229.31
13	Household Goods (12)	185.77	−0.3	15.96	6.09	8.62	186.42	185.99	187.11	187.47	173.72
14	Motors and Distributors (25)	135.48	−0.1	18.72	6.04	7.41	135.65	132.96	132.17	131.89	[illegible]
21	CONSUMER GOODS (NON-DURABLE) (175)	224.08	−0.6	14.57	5.37	9.26	225.49	222.40	219.59	218.96	[illegible]
22	Breweries (14)	236.19	−0.8	14.70	5.94	9.36	238.10	233.94	234.18	232.51	[illegible]
23	Wines and Spirits (6)	288.14	−0.1	14.79	4.98	10.09	288.43	288.18	287.50	280.71	[illegible]
24	Entertainment, Catering (17)	273.09	−0.8	14.61	6.32	9.98	275.26	270.99	268.60	266.92	[illegible]
25	Food Manufacturing (21)	219.97	−1.2	17.27	5.03	7.64	222.68	219.37	216.01	215.64	[illegible]
26	Food Retailing (15)	229.18	−1.9	13.26	4.50	10.49	233.52	229.14	223.83	225.29	[illegible]
32	Newspapers, Publishing (13)	408.85	−0.1	9.93	3.09	14.37	409.38	397.67	393.66	397.44	[illegible]
33	Packaging and Paper (15)	147.33	−0.7	17.66	7.22	7.44	148.33	147.10	146.67	145.45	[illegible]
34	Stores (40)	214.40	−0.8	[illegible]	4.21	14.61	216.22	213.21	[illegible]	[illegible]	[illegible]
35	Textiles (25)	184.60	−0.2	17.79	7.50	7.32	184.93	184.12	182.38	182.64	[illegible]
36	Tobaccos (3)	266.50	+1.1	20.66	7.04	5.73	263.63	259.95	258.46	256.98	[illegible]
37	Toys and Games (6)	122.26	+0.8	18.54	5.22	6.31	121.32	120.66	119.77	120.30	[illegible]
41	OTHER GROUPS (98)	217.33	+0.1	14.86	5.37	8.80	217.08	215.08	213.15	213.59	[illegible]
42	Chemicals (19)	306.45	−0.3	16.37	5.85	8.31	307.49	305.66	301.45	300.88	[illegible]
43	Pharmaceutical Products (7)	283.47	−0.2	10.11	3.60	12.25	283.95	281.63	279.14	278.71	[illegible]
44	Office Equipment (6)	143.35	+2.1	16.71	5.30	7.08	140.42	135.61	135.10	136.90	[illegible]
45	Shipping (10)	421.43	—	17.16	7.27	7.18	421.26	425.92	427.21	429.08	[illegible]
46	Miscellaneous (56)	233.47	+0.4	15.55	5.69	8.54	232.59	229.85	228.14	229.49	191.35
49	INDUSTRIAL GROUP (495)	235.89	−0.4	14.94	5.22	9.03	236.81	233.81	231.40	230.81	197.36
51	Oils (5)	523.72	+0.7	14.08	3.77	7.70	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59	500 SHARE INDEX	260.04	−0.2	14.81	4.81	8.48	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61	FINANCIAL GROUP (100)	[illegible]	[illegible]	—	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62	Banks (6)	194.09	−1.8	24.09	6.03	6.23	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
63	Discount Houses (10)	216.46	+1.3	—	7.99	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
64	Hire Purchase (5)	168.92	−0.5	11.69	4.88	12.66	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65	Insurance (Life) (10)	154.63	−0.3	—	6.33	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66	Insurance (Composite) (7)	138.34	−0.2	—	6.93	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67	Insurance Brokers (10)	361.59	−0.6	13.00	4.37	11.01	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68	Merchant Banks (14)	86.45	+0.2	—	5.66	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69	Property (31)	263.13	+0.3	3.25	2.85	56.01	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70	Miscellaneous (7)	117.64	+1.5	21.48	7.10	6.03	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71	Investment Trusts (50)	240.42	+0.1	2.90	4.29	34.52	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81	Mining Finance (4)	107.91	−2.2	16.39	6.60	7.46	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91	Overseas Traders (19)	[illegible]	—	16.32	6.72	7.68	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99	ALL-SHARE INDEX (673)	238.82	−0.3	—	5.10	—	239.56	236.50	234.29	233.55	[illegible]

FIXED INTEREST PRICE INDICES

	British Government	Wed. Aug. 23	Day's change %	xd adj. To-day	xd adj. 1978 to date
1	Under 5 years	104.88	+0.02	—	[illegible]
2	5-15 years	115.22	—	—	7.94
3	Over 15 years	121.45	—	—	8.67
4	Irredeemables	128.23	—	—	7.26
5	All stocks	113.28	+0.01	—	7.91

FIXED INTEREST YIELDS — Br. Govt. Av. Gross Red.

			Wed. Aug. 23	Tues. Aug. 22	Year ago (approx.)
1	Low Coupons	5 years	[illegible]	[illegible]	[illegible]
2		15 years	[illegible]	[illegible]	[illegible]
3		25 years	[illegible]	[illegible]	[illegible]
4	Medium Coupons	5 years	[illegible]	[illegible]	[illegible]
5		15 years	[illegible]	[illegible]	[illegible]
6		25 years	[illegible]	[illegible]	[illegible]
7	High Coupons	5 years	[illegible]	[illegible]	[illegible]
8		15 years	[illegible]	[illegible]	[illegible]
9		25 years	[illegible]	[illegible]	[illegible]
10	Irredeemables		[illegible]	[illegible]	[illegible]

		Wed. Aug. 23 Index No.	Yield %	Tues. Aug. 22	Mon. Aug. 21	Friday Aug. 18	Thurs. Aug. 17	Wed. Aug. 16	Tues. Aug. 15	Mon. Aug. 14	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	57.82	12.84	57.88	57.78	57.79	57.64	57.38	57.30	[illegible]	[illegible]
16	Investment Trust Prefs. (15)	51.52	13.59	51.52	51.64	51.73	51.73	51.57	51.67	[illegible]	[illegible]
17	Coml. and Indl. Prefs. (20)	70.87	12.90	70.82	70.14	70.15	70.08	70.58	70.49	[illegible]	[illegible]

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p. ● Corrected.

LEADERS AND LAGGARDS

The following table shows the percentage changes which have taken place since December 30, 1977, in the principal equity sections of the FT Actuaries Share Indices. It also contains the Gold Mines index.

Section	% change	Section	% change
Gold Mines F.T.	+34.94	All-Share Index	+11.67
Mining Finance	[illegible]	Stores	+11.50
Mechanical Engineering	+23.67	Food Manufacturing	[illegible]
Engineering Contractors	[illegible]	Insurance (Life)	[illegible]
Contracting and Construction	[illegible]	Consumer Goods (Non-Durable)	[illegible]
Toys and Games	[illegible]	Oils	[illegible]
Electronics, Radio and TV	[illegible]	Insurance Brokers	[illegible]
Capital Goods Group	[illegible]	Food Retailing	[illegible]
Overseas Traders	[illegible]	Pharmaceutical Products	[illegible]
Newspapers and Publishing	[illegible]	Textiles	[illegible]
Building Materials	[illegible]	Property	[illegible]
Chemicals	[illegible]	Entertainment and Catering	[illegible]
Consumer Goods (Durable)	[illegible]	Merchant Banks	[illegible]
Electricals	[illegible]	Financial Group	[illegible]
Tobaccos	[illegible]	Breweries	[illegible]
Investment Trusts	[illegible]	Hire Purchase	[illegible]
Motors and Distributors	[illegible]	Household Goods	[illegible]
Packaging and Paper	[illegible]	Insurance (Composite)	[illegible]
Wines and Spirits	[illegible]	Banks	[illegible]
Office Equipment	[illegible]	Discount Houses	[illegible]
Industrial Group	[illegible]	Shipping	[illegible]
Metal and Metal Forming	[illegible]		
500-Share Index	[illegible]		
Other Groups	[illegible]		

† Percentage changes based on Tuesday, August 22, 1978 indices.

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

INSURANCE AND PROPERTY BONDS

Equity & Law Un. Tr. M.♥ (a)(b)(c)(z)
Amersham Rd., High Wycombe 0494 33377
Equity & Law ... 73.5 77.3 -0.1 3.77

*Prices at July 31. Next dealing August 31.

CLIVE INVESTMENTS LIMITED
1 Royal Exchange Ave., London EC3V 3LU. Tel.: 01-283 1101.
Index Guide as at August 15, 1978 (Base 100 at 14.1.77)

Clive Fixed Interest Capital	132.07
Clive Fixed Interest Income	114.65

CORAL INDEX: Close 517-522

INSURANCE BASE RATES

†Property Growth	10¼%
†Vanbrugh Guaranteed	9%

†Address shown under Insurance and Property Bond Table.

J.E.T. Managers (Jersey) Ltd.
PO Box 194, Royal Tst. Hse., Jersey 0534 27441

Jersey Extrnl. Tst.	186.0	197.0		—

As at July 31. Next sub. day August 31.

Jardine Fleming & Co. Ltd.
46th Floor, Connaught Centre, Hong Kong

Jardine Estn. Tst.	HK$311.95		2.30
Jardine J'pn. Fd.*	HK$400.75		0.80
Jardine S.E.A.	$US19.82		1.70
Jardine Flem. Int.	HK$11.40		—
Intl. Pac. Secs. (Inc.)	HK$14.56		—
Do. (Accum.)	HK14.70		—

NAV Aug. 15. *Equivalent $US86.01. Next sub. August 31.

Warburg Invest. Mngt. Jersey Ltd.
1, Charing Cross, St. Helier, Jsy. CI

CMF Ltd. July 27	[illegible]	[illegible]	—
CMT Ltd. July 27	[illegible]	[illegible]	—
Metals Tst. Aug. 17	[illegible]	[illegible]	—
TMT August 11	[illegible]	[illegible]	—
TMT Ltd. Aug. 11	[illegible]	[illegible]	—

World Wide Growth Management
10a, Boulevard Royal, Luxembourg.
Worldwide Gth. Fd. $US16.49 [illegible] —

NOTES

Prices do not include $ premium, except where indicated $, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. [illegible] include all expenses. b To-day's prices. c Yield based on offer price. d Estimated. [illegible] opening price. h Distribution free of U.K. taxes. p Periodic premium insurance [illegible] premium insurance. x Offered price includes all expenses except [illegible] y Offered price includes all expenses if bought through managers. z Previous [illegible] ♥ Net of tax on realised capital gains unless indicated by ◆. ‡ Guernsey gross. ◆ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision.

FT SHARE INFORMATION SERVICE

BONDS & RAILS—Cont.

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

U.S.$ & DM prices exclude inv. $ premium

CANADIANS

BANKS AND HIRE PURCHASE

BANKS & HP—Continued

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICAL AND RADIO

ENGINEERING MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

FINANCIAL TIMES

BRACKEN HOUSE, 10, CANNON STREET, LONDON EC4P 4BY
Telex: Editorial 886341/2, 883897. Advertisements: 885033. Telegrams: Finantimo, London PS4.
Telephone: 01-248 8000.
For Share Index and Business News Summary in London, Birmingham, Liverpool and Manchester. Tel: 246 8026

INTERNATIONAL AND BRITISH OFFICES

EDITORIAL OFFICES

Amsterdam: P.O. Box 1296, Amsterdam-C. Telex 12171 Tel: 240 555
Birmingham: George House, George Road. Telex 338650 Tel: 021-454 0922
Bonn: Pressehaus 11/104 Heussallee 2-10. Telex 8869542 Tel: 210039
Brussels: 39 Rue Ducale. Telex 23283 Tel: 512 9037
Cairo: P.O. Box 2040. Tel: 938510
Dublin: 8 Fitzwilliam Square. Telex 5414 Tel: 785321
Edinburgh: 37 George Street. Telex 72484 Tel: 031-226 4120
Frankfurt: Im Sachsenlager 13. Telex 416263 Tel: 555730
Johannesburg: P.O. Box 2128 Telex 8-6257 Tel: 838-7545
Lisbon: Praca da Alegria 58-1D, Lisbon 2. Telex 12533 Tel: 362 508
Madrid: Espronceda 32, Madrid 3. Tel: 441 6772
Manchester: Queen's House, Queen Street. Telex 666813 Tel: 061-834 9381
Moscow: Sadovo-Samotechnaya 12-24, Apt. 15. Telex 7900 Tel: 200 2748
New York: 75 Rockefeller Plaza, N.Y. 10019. Telex 66390 Tel: (212) 541 4625
Paris: 36 Rue du Sentier, 75002. Telex 220044 Tel: 236 57 43
Rio de Janeiro: Avenida Pres. Vargas 418-10. Tel: 253 4848
Rome: Via della Mercede 55. Telex 61032 Tel: 678 3314
Stockholm: c/o Svenska Dagbladet, Raalambsvagen 7 Telex 17603 Tel: 50 60 88
Tehran: P.O. Box 11-1879 Telex 213930 Tel: 682698
Tokyo: 8th Floor, Nihon Keizai Shimbun Building, 1-9-5 Otemachi, Chiyoda-ku. Telex J 27104 Tel: 241 2920
Washington: 2nd Floor, 1325 E. Street, N.W., Washington D.C. 20004 Telex 440340 Tel: (202) 347 8676

ADVERTISEMENT OFFICES

Birmingham: George House, George Road. Telex 338650 Tel: 021-454 0922
Edinburgh: 37 George Street. Telex 72484 Tel: 031-226 4139
Frankfurt: Im Sachsenlager 13. Telex 16263 Tel: 554667
Leeds: Permanent House, The Headrow. Tel: 0532 454969
Manchester: Queen's House, Queen Street. Telex 666813 Tel: 061-834 9381
New York: 75 Rockefeller Plaza, N.Y. 10019 Telex 238409 Tel: (212) 489 8300
Paris: 36 Rue du Sentier, 75002. Telex 220044 Tel: 236 86.01
Tokyo: Kasahara Building, 1-6-10 Uchikanda, Chiyoda-ku Telex J 27104 Tel: 295 4050

Overseas advertisement representatives in Central and South America, Africa, the Middle East, Asia and the Far East.
For further details, please contact:
Overseas Advertisement Department,
Financial Times, Bracken House, 10, Cannon Street, London EC4P 4BY

SUBSCRIPTIONS

Copies obtainable from newsagents and bookstalls worldwide or on regular subscription from Subscription Department, Financial Times, London

هكذامن الاصل

INDUSTRIALS—Continued

1978 High	Low	Stock	Price	+ or —	Div Net	Cvr	Y'ld Gr's	P/E
95	64	Initial Services	86	+1	4.64	ϕ	8.1	ϕ
12¾	8	Inter-City 20p	11	......	0.61	2.7	8.3	6.8
52½	39	James (John)	52½xd	......	2.76	ϕ	7.9	ϕ
25	9½	James (M) Inds 20p	14½	—¼	d1.02	ϕ	10.4	ϕ
305	149	Jardine M. $HK5	275	+2	Q67c	2.2	2.9	15.4
32¼	23½	Jentique	30½	......	†h2.03	1.2	9.9	13.0
12½	10	Johnson & Barnes	11½	......	—	—	—	—
112	76½	Johnson Clnrs.	112	+6	†3.95	3.0	5.3	7.1
480	375	Johnson Mthy £1	475	−5	13.83	3.6	4.3	9.2
45	32	Jourdan (T.) 10p	45	......	2.93	2.7	9.7	4.9
33	28	Kalamazoo 10p	33	......	†1.99	1.8	8.9	9.4
118	68	Kelsey Inds.	105	+1	3.28	6.6	4.7	4.9
47	23	Kennedy Sm. 10p	42	......	d1.60	2.3	5.7	11.7
£20¾	900	Kershaw (A.) 5p	£20½	+¼	†16.14	2.0	2.3	26.6
72½	64	Kleen-E-Ze Hldgs.	67	......	4.39	ϕ	9.8	ϕ
96	76	L.C.P. Hlds	96	......	4.86	2.4	7.6	6.6
43	32	L.K. Ind'l. Invs.	37	......	d2.64	3.0	10.6	5.4
43	34½	L.R.C. Int. 10p	38xd	......	2.23	ϕ	8.9	ϕ
68	53	Lawtex	68	+1	2.95	4.8	6.5	4.8
164	128	Lead Inds. 50p	164	......	7.48	3.3	6.8	6.7
120	99	Leadenhall Sterlng.	120	......	4.15	4.4	5.3	6.4
49	38	Le Bas (Ed.)	42	......	1.85	4.2	6.6	5.6
56	43½	Leboff Fobel 10p	48xd	......	1.79	ϕ	5.6	ϕ
70	36	Lebus Harris	48	......	3.32	2.9	10.3	(3.9)
171	133	Leigh Ints. 5p	167	......	f4.43	2.2	4.0	22.3
144	102	Leisure Car. 10p	143	−1	4.55	2.3	4.7	14.0
255	235	Lep Group 10p	255xd	+2	3.46	ϕ	2.0	ϕ
91	57	Lesney Prods. 5p	89	+1	d2.94	3.7	4.9	6.3
168	98	Letraset 10p	138xd	−1	5.4	ϕ	5.8	ϕ
24½	15	Liden 10p	21	......	—	—	—	—
61	32	Lindsay & Wms.	61	......	3.05	3.7	7.4	4.5
151	128	Lindustries	146	......	9.14	2.1	9.3	6.2
34	24	Lon. & Nthn. Grp.	33	......	2.03	2.6	9.2	6.4
44	34	Long Hmbly 10p.	42	......	g1.60	5.8	5.7	3.7
71	52	Longton Trans.	71	......	3.86	ϕ	8.4	ϕ
92	68	Lonsdale Univrsl.	87	......	†4.70	2.5	8.1	5.7
187	163	Low & Bonar 50p	187	......	11.05	2.5	8.8	5.3

INSURANCE—Continued

LEISURE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

INSURANCE

PROPERTY—Continued

SHIPBUILDERS, REPAIRERS

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INV. TRUSTS—Continued

Finance, Land, etc.

FINANCE, LAND—Continued

OILS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

EASTERN RAND

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

MINES—Continued

CENTRAL AFRICAN

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
210	155	Falcon Rh.50c	176	−7	Q50c	1.3	24.2
24	15	Rhod'n Corp. 16½p.	19	−½	0.57	7.1	4.5
80	52	Roan Cons. $4	67	......	—	—	—
186	122	Tanganyika 50p	170	−3	Q10.0	1.2	5.9
90	78	Do. Pref. 80p	87	......	Q9%	16.3	8.3
41	32	Wankie Col. Rh.1	37	......	†Q7½c	1.4	17.3
17½	10	Zam.Cpr.SBD0.24	15½	......	—	—	—

AUSTRALIAN

TINS

COPPER

MISCELLANEOUS

61	35	Barymin	56	−2	—	—	—
17	9	Burma Mines 17½p.	13	......	—	—	—
300	215	Cons. Murch. 10c	235	−10	‡Q30c	2.6	‡
465	245	Northgate C$1	405	+5	—	—	—
248	164	R.T.Z.	242	−3	9.5	2.8	5.9
90	30	Sabina Inds. C$1	63	......	—	—	—
£12	750	Tara Explm. $1	875	......	—	—	—
73	43	Tehidy Minerals 10p	73	+2	ϕ1.35	ϕ	2.8
185	120	Yukon Cons. C$1	172	−10	Q7c	2.9	1.9

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- A Sterling denominated securities which include investment dollar premium.
- • "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¤ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ‡ Not comparable.
- ♠ Same interim; reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ‡ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 24

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	25½	......
Ash Spinning	45	......
Bertam	20	......
Bdg'wtr Est. 50p	310	......
Clover Croft	26	......
Craig & Rose £1	520	......
Dyson (R. A.) A.	38	......
Ellis & McHdy.	61	......
Evered	19	......
Fife Forge	52	......
Finlay Pkg. 5p.	21	......
Graig Ship. £1	115	−5
Sheff. Refrshmt.	62	......
Sindall (Wm.)	105	......

IRISH

Conv. 9% '80/82	£92¾	......
Alliance Gas	62	−3
Arnott	360	......
Carroll (P.J.)	105	+2
Clondalkin	96	+1
Concrete Prods.	135	......

OPTIONS

3-month Call Rates

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Thursday August 24 1978

Committee of MPs proposes public accounting reforms

BY DAVID FREUD

A COMPLETE overhaul of the system of public accounting was called for yesterday by the all-party Commons' Expenditure Committee.

The committee said in a report that the reformed system should identify individual spending blocks and allow the effectiveness of all expenditure to be assessed.

The out-of-date form in which information was presented under the present system represented "a very great handicap to Parliamentary scrutiny."

The recommendation came in response to limited proposals from the Treasury aimed at simplifying the system.

These were to merge the current price Supply Estimates, which authorise expenditure, with the cash limits introduced as a means of executive control in 1976.

The merged figures would include anticipated inflation in the course of the financial year. The Treasury intends to start implementing the changes in 1979-80.

The committee said the assumed level of inflation should be explicitly stated for each cash block. This would enable MPs to tell which Supplementary Estimates were required to take account of inflation and which were caused by increased *volume.*

Surveillance

The committee's call for further and more radical changes is the latest in a series of proposals designed to *strengthen* backbenchers' surveillance of public spending.

A report by the committee published last September proposed sweeping changes in the way public expenditure was audited.

It called then for the Comptroller and Auditor General, who is responsible for auditing Government accounts, to be brought more directly under the Commons' control and his powers extended. He should also go beyond purely financial and regulatory auditing and take a more positive role in monitoring managerial efficiency in the Government bureaucracy.

Yesterday the committee said that if its changes in the accounting system were accepted, the Comptroller would be able to *carry out more effective* efficiency audits because the cash blocks would be equated with units of managerial responsibility.

An ideal system of public accounting should provide information on:

- Whether expenditure had been properly organised. It ought to be organised on the basis of objects of expenditure and was most useful for the Comptroller and the Committee of Public Accounts to which he reported.
- The efficiency of the management of Government. This should be organised as far as possible on the basis of identified accountable units within departments or other public organisations. Where this was not possible, the reasons should be stated to Parliament.
- The effectiveness or impact of expenditure, i.e. the extent to which the spending met its objectives and produced results. This should be organised on the basis of programmes or services to be provided by the expenditure.

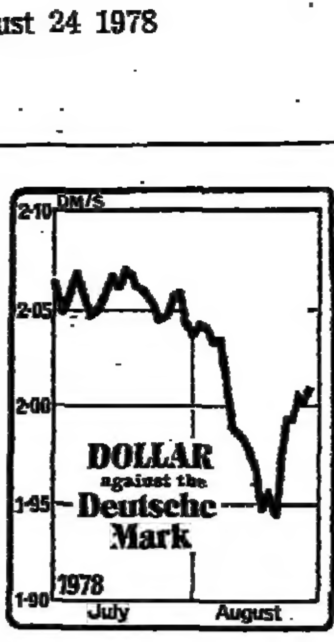
Authority

The committee criticised the increasing use made of the Contingencies Fund "on an uncertain legal basis."

The fund was established to finance expenditure on existing functions until Parliamentary authority was obtained, but there seemed to be no limits on *its use at present,* said the committee.

"14th Report from the Expenditure Committee: Financial Accountability to Parliament. Session 1977-78 Commons Paper 661. SO £2.30.

Editorial comment Page 14



$ rises slightly but gold declines

By Peter Riddell, Economics Correspondent

THE DOLLAR rose sharply yesterday morning and the price of gold declined in response to the overnight announcement by the U.S. Government that the amount of gold offered at its monthly auctions would be more than doubled.

In New York, the dollar closed near London levels. It ended at DM 2.0020 against the West German mark, SwFr 1.6680 against the Swiss franc, Y192.55 *against the yen* and $1.9227 against sterling.

The corresponding fall in the gold price was sharper and the later pick-up smaller.

The price per ounce fell in the morning below $200 for the first time in nearly a month, touching $198⅛. It later rallied to $200⅜—a fall of $6¼ on the day and of $16 since the all-time high eight days ago.

The initial boost to the dollar came after the announcement after the close of trading in New York on Tuesday that the U.S. would, from the November auction onwards, offer 750,000 ounces of gold for sale a month.

The U.S. balance of payments will be improved by about $1.8bn (around £930m) at an annual rate.

This move was seen by foreign exchange markets as further evidence of the U.S. determination to restore stability to its currency.

The announcement of the U.S. moves in stages has given a fillip to the dollar twice in the last week.

This tactic could stabilise rates at about present levels because dealers' uncertainty about what and when is still to be announced could limit the extent of any short positions against the dollar.

Sterling slipped back in response to the pick-up in the dollar, losing 25 points to finish at $1.9270 after a low of $1.9130.

Money markets Page 20
Mining news Page 17

German trade surplus falls

BY JONATHAN CARR

WEST GERMANY'S trade surplus last month was smaller than that in June, but larger than that achieved in July last year.

Both the trade and current account surpluses for the first seven months are higher than those in the same period last year.

Figures released today by the Federal Statistical Office in Wiesbaden show the July trade surplus totalled DM 2.3bn ($1.14bn) against DM 4bn in June and DM 1.7bn ($846.23m) in July last year.

After allowing for deductions for services and transfer payments, the July current account showed a deficit of DM 1.7bn, against a surplus of DM 2bn in June and a DM 2bn deficit in July last year.

The trade surplus for the first seven months at DM 21.2bn ($10.55bn) is slightly up on the DM 20.1bn registered in the same period last year.

The current account surplus, however, has doubled to DM 5.4bn ($2.69bn) against last year's figure.

The unbroken stream of visible trade surplus figures appears at first to contrast oddly with West Germans' fears about their *future* competitiveness.

Unrest

In one example today, the German Economic Research Institute in West Berlin said that it saw little prospect of any major economic improvement in the third quarter, and felt that the latest currency unrest could destroy hopes of an export boost.

Beyond the uncertainty caused by erratic currency fluctuation, there is a longer term worry noted by the Bundesbank in its latest monthly report.

It says that while German export prices at half year were actually down on the figure a year earlier, import prices had fallen even more markedly.

Once the price adjustment has been made, the figures show German exports in the first half increasing by only 5 per cent in real terms, against the same period of last year, while imports increased by about 9 per cent.

This trend is not disclosed in the trade surplus figures alone. It shows that the long-term strength of the Deutsche Mark helps make life tougher not only for German exporters, but also for any German business facing competition at home from foreign goods.

Iberian airlines upset by Gatwick transfer

BY LYNTON McLAIN

SCHEDULED AIR services between Heathrow Airport, London, and Spain, Portugal, their islands and Gibraltar are to be transferred to Gatwick from April 1.

The change, announced yesterday, will affect up to 1.25m passengers who fly each year from Heathrow on scheduled airline flights to all Iberian destinations. The total will reach 2m by 1985.

The transfer applies to British Airways; Iberia (Spain); TAP, the Portuguese national airline; and Gibair.

TAP said that it was "greatly surprised" by the changes and complained that it was given only five minutes warning of the announcement. It had always *opposed a move to Gatwick as it* would create a serious commercial disadvantage.

Iberia said that it would resist any move to Gatwick, but British Airways said that it *accepted the move "provided* that other airlines involved abide by the Government decision."

Passengers flying on whole aircraft charters to all world destinations had to use Gatwick from April 1 this year as a result of earlier Government action, announced by Mr. Edmund Dell, Trade Secretary, last year.

The transfers are part of a concerted attempt by the Trade Department and the British Airports Authority to relieve growing congestion at Heathrow.

The airport can handle up to 30m passengers a year. This year up to 26m passengers are expected to use the airport's three terminals, compared with last year's 23.4m.

Without redistribution of traffic to Gatwick, capacity at Heathrow would be exhausted by 1980 to 1981, the Trade Department said yesterday.

Plans exist to boost Heathrow's capacity to 38m passengers a year by adding a fourth terminal. This is the subject of a public inquiry, and, depending on the outcome, the terminal is not likely to be available until 1984.

Gatwick handled 6.6m passengers last year, a rise of 15 per cent on 1976. Since then it has been redeveloped at a cost of £100m, giving an annual capacity of 16m passengers. This year 8m passengers are expected to use the airport, leaving considerable room for expansion.

Airlines from the U.S. and from the Iberian peninsula had already started new services from Gatwick rather than Heathrow before yesterday's announcement.

The Government has started talks with the Canadian Government to persuade Air Canada, with British Airways, to use Gatwick for all flights to and from Canada. Similar talks are under way with Scandinavian governments.

Back on schedule, Page 6

New Atlantic fares

NEW ATLANTIC FARES — — EL AL, the Israeli airline, is to introduce a three-fare system for its transatlantic Boeing 747 Jumbo jet flights.

The lowest fare in the new structure, with effect from November 1, will be 40 per cent of the existing normal economy fare.

A de-luxe class is being created, where passengers will sit in the upper deck of El Al jumbo jets, with service upgraded to match the higher price.

There will be a new type of first class, similar to existing economy class with 47 seats at the front of the aircraft. But most of the seats will be for "holiday class" travel, without catering.

The scheme is similar to that announced by British Airways last month for Scandinavian flights.

MLR may drop to 9% by end of year, NatWest chief says

BY OUR ECONOMICS CORRESPONDENT

THE COST of bank overdrafts could fall this year, the chairman of one of Britain's largest banks said yesterday.

Mr. Robin Leigh Pemberton, chairman of National Westminster, forecast that Minimum *Lending Rate could well drop to* about 9 per cent by the end of the year from the present 10 per cent and clearing bank base rates might well move down in line.

A modest decline in MLR *before autumn could be followed* by easier money market rates. There was no reason for further upward pressure on rates and it was possible to see clearing bank base rates becoming uncompetitive enough with the market to justify a rate move even without a corresponding move in MLR.

A cut of a point in the clearers' base lending rates from the present 10 per cent would reduce the cost of borrowing for top-quality clients to 10 per cent. Other customers would pay about 13 or 14 per cent.

Mr. Leigh Pemberton's relative optimism about short-term interest rates contrasts with a rather more cautious view about the prospects for an early cut in MLR being taken by certain City analysts after last week's *money supply figures.*

The NatWest chairman said last week's figures showing a 1½ per cent rise in the banking system's eligible liabilities in the month to mid-July and a £793m rise in clearing bank lending were disappointing but later indications "are particularly encouraging in this respect."

Well over level

This implies that some of the distortions in the money market, which were pushing up the clearers' eligible liabilities, had become less important by the mid-August banking make-up day last week. The mid-August figures are the first to count towards any penalties imposed under the so-called corset limits on the growth of the banks' interest-bearing liabilities.

Clearing banks as a whole were well over the permitted level in mid-July, but Mr. Leigh Pemberton said it was possible *that NatWest would enter the* corset restrictions at below the level necessary to avoid incurring penalties.

However, "some banks may justify incurring the less severe penalties in order to maintain *commitments to customers.* It will be disappointing if the corset affects us in a way that causes us to cut back in advances to manufacturing and commercial customers."

It should be possible to sustain lending to key clients. "I do not see that the corset will cause us the problems some people have suggested.

"With some signs of improvement in pool industrial loan demand recently, bank lending should show modest growth next year on a more healthy basis."

Continued from Page 1

Allied

believes that, if it complied with *the request, this would result in* the introduction of a new condition into the bid—namely that it depended on shareholder approval.

Allied says simply that it "cannot impose a new term on Lyons as the proposed resolution envisages, thus rendering unworkable the substance of the resolution."

Mr. John Gillum of Samuel Montagu said that Allied had not approached the Takeover Panel or Lyons over the possibility of changing the conditions.

It was not clear yesterday whether the Panel would authorise such a move. Its *general position* is that changes to offer terms cannot be made lightly or irresponsibly, but there have been precedents for terms to be altered.

Mr. Neil Salmon, chairman of Lyons, refused to comment on whether his company would consider the introduction of a new condition because that was merely "hypothetical," but he would have to consider the case carefully if it did arise.

Continued from Page 1

Volkswagen profit

of first-half 1977 to DM 5.9bn. Overseas turnover rose by 8.5 per cent to DM 7.9bn.

World unit sales totalled 1,241,000 vehicles—4.4 per cent ahead of the performance in the comparable period of 1977.

The *sharpest growth* came at home where sales went up by 7 per cent.

The considerably lower 2.7 per cent growth abroad was largely a result of the company's inability to deliver.

Production during the period under review was up by 5.4 per cent on first-half 1977 to 1,239,000 units. This was due primarily to a 16.7 per cent rise in production in the group's overseas plants. *Domestic* output went up by only 0.9 per cent because of production lost during the metal industry pay dispute this year.

The group's earnings figures show a remarkable turnround by the Brazilian, Mexico and U.S. subsidiaries.

In Brazil, a 1977 first-half DM 25m loss was turned into a net profit of DM 40m. In Mexico, the DM 33m loss in the first six months of last year was turned *this year into a net profit of* DM 33m in the U.S., where the group is producing an American version of its Golf model, 1977's first-half DM 21m loss was turned into a modest net profit of DM 11m.

Capital investment this year will total DM 2.3bn, said Prof. Thomée. This represented a considerable rise on last year's DM 1.7bn and the investment levels of 1975 and 1976 when it was less than the depreciation level.

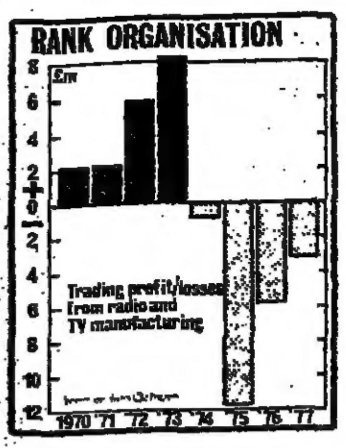
Cash from the capital raising will be channelled into capital investment, said Prof. Thomée. The target areas were product development of new models, rationalisation and the restructuring of the group's plants. Of these, model development was the most important.

It seems clear that the development of a new, high-economy engine—which Volkswagen is undertaking with an unnamed partner—comes high on the list for investment cash.

THE LEX COLUMN

Eastern promise for Rank TV

Index fell 4.0 to 519.2



Rank Organisation's proposed joint venture with Toshiba looks like a good deal for both parties. Toshiba will be chipping in £3m for its 30 per cent stake in Rank Toshiba and *this will secure it* the supply of 140,000 colour TVs a year. In crude contrast, the ill-fated Hitachi project envisaged investment of £5m in a factory with an initial output of 80,000 sets. Meanwhile Rank has persuaded Toshiba to accept its current book valuation of £7m for factories which have generated aggregate losses of some £20m since 1975. Where these plants now turn out 175,000 British sets, within three years they will be supplying Rank's sales force with 210,000 sets featuring Japanese technology, and, Rank hopes, Japanese quality.

The deal provides a solid prospect of an end to what has been a drain on Rank's profits for the past four years. In 1977 Rank's radio and TV operations made a trading loss of £3.2m on turnover of £38.6m. In the year to October 31—the deal with Toshiba will take effect immediately thereafter — this business will produce another, somewhat smaller deficit; Rank clearly does not envisage making a profit from televisions until this new joint venture has achieved full scale production of the improved sets in 1981.

Rank will then focus its attention on the UK market. The emphasis of Toshiba's sales effort will be on the Continent, where Rank recently dismantled much of its loss-making marketing organisation. The joint venture will not, unfortunately, produce any immediate benefits for Rank in Australia where TV profits have been hard hit by Japanese competition in a depressed market.

Allied/Lyons

The immediate objective of Allied Breweries' management is to succeed with the bid for Lyons. So it is difficult to see why it is determined to make such an issue of whether to call a special meeting of its shareholders to obtain their approval. Such meetings almost invariably rubber stamp their Board's proposals, and *before the present* row with the pension funds blew up there was no reason to expect that Allied's case would be the exception to prove the rule. Even now, the chances *are that any conciliatory move* by Allied *would leave the* pension funds stranded. Instead, today's message from Allied leaves even less scope for compromise.

Although the pension funds may well succeed in forcing a meeting, Allied is still likely to win the day. But the whole affair will leave an unnecessarily bitter taste behind it.

Asda

For a group which has notched up annual earnings growth of 45 per cent compound in the previous five years, *Asda's 10 per cent growth in* pre-tax profits to £26.2m looks decidedly pedestrian. In 1976-77 pre-tax profits grew by over 60 per cent in the first and second halves. In the first half of last year, the growth dropped to 20 per cent and in the final six months it was down to just 2.4 per cent. Has Asda's heady growth phase come to an end?

Although price inflation has slowed down considerably, so has sales volume. For the year as a whole it was up by around 9 per cent which, given that selling space increased by 8 per cent, implies very little growth from the established business. Since the end of the year sales have spurted ahead and are currently running around 30 per cent up on the comparable period of last year.

But still the suspicion remains that the high street price war, dating from last summer, has torpedoed Asda's supergrowth. With around 6 per *cent of the grocery market,* against Tesco's 12 per cent and Sainsbury's 10 per cent, Asda admits to having had to trim its gross margins. Fortunately, it has more scope than its larger *rivals, since it earns virtually* as much as Tesco on a turnover half the size.

Maybe last year's performance was nothing more than a hiccup and Asda can boost its profits to £34m-£35m in the current year. Meanwhile, the shares at 254p are selling on a demanding multiple of 16 and there seems little chance of anything dramatic happening to the yield of 4 per cent.

NEB

Within the space of five days the National Enterprise Board has announced joint deals with the ICFC, Barclays, and Midland Bank. *It would be tempting to* interpret this as evidence of a cunning plan by the NEB to enmesh itself with private sector institutions in such a way that an incoming Conservative *Government could not sweep* it away as the Heath Administration axed the IRC. But the truth appears a little different, for not only are the ventures of a modest scale — involving aggregate *new capital* of under £4m at this stage—but two of them appear to have been generated by the NEB's regional offices in Liverpool and Newcastle rather than by its head *office. In this way the operations* of the NEB are developing through the activities of its men out in the field, who inevitably come into contact with their counterparts from *other financial institutions.*

Clearly the attraction of the NEB to its private sector rivals is that it provides a way of offloading part of the risks of a project when these look a little high. The Midland on its own, for instance, could hardly have contemplated the scheme announced yesterday to extend loans to small businesses which *—by conventional banking* standards—are already fully borrowed. And ICFC regarded the investment in BTB as coming at the higher risk end of its spectrum. As for the refinancing of Monotype, *this looks* to have been a rather special case, in which Barclays was reshaping its existing commitment rather than getting more heavily involved.

Whether the NEB should be regarded as filling a gap or taking in some of the private sector's dirty washing is a moot point, which will only be *decided by its investment* returns over a period of years. Meantime institutions like ICFC foresee further joint ventures with the NEB—though without any general policy of co-operation.

Weather

UK TODAY

DRY, sunny periods, cloudy in N.

London, S.E., Central S, E. England, E. Anglia, E. Midlands, Channel Isles
Dry, sunny periods. Max. 23C (73F).

W. Midlands, S.W. England, S. Wales
Dry, sunny periods. Max. 21C (70F).

N. Wales, N. England, Lakes, Isle of Man
Dry, cloudy, some sunny intervals. Max. 19C (66F).

Borders, Edinburgh, Dundee, Aberdeen, Moray Firth
Rather cloudy, some rain. Max. 17C (63F).

S.W. Scotland, Glasgow, Cent. Highlands, Argyll
Cloudy, some rain. Max. 18C (64F).

N.W. Scotland, Orkney, Shetland
Cloudy, some rain. Max. 15C (59F).

N. Ireland
Dry, cloudy. Max. 18C (64F).
Outlook: Dry, warm.

BUSINESS CENTRES

		Y'day midday °C	°F			Y'day midday °C	°F
Amstdm.	F	19	66	Luxemb'g	F	22	72
Athens	S	30	86	Madrid	S	32	90
Bahrain	S	35	95	Manchestr.	C	15	59
Barcelona	S	27	81	Melbourne	S	11	52
Beirut	F	28	82	Mexico C.	S	19	67
Belfast	C	15	59	Milan	S	26	79
Belgrade	S	27	81	Montreal	C	21	70
Berlin	F	20	68	Moscow	F	24	75
Brmchm.	C	16	61	Munich	F	26	79
Bristol	C	17	63	Newcastle	C	15	59
Brussels	F	21	70	New York	S	26	79
Budapest	F	26	79	Oslo	F	21	70
B. Aires	S	9	48	Paris	C	20	68
Cairo	S	31	88	Perth	S	32	90
Cardiff	C	17	63	Prague	F	23	73
Chicago	S	24	75	Reykjavik	C	8	46
Cologne	C	20	68	Rio de J'o	S	26	78
Copnhagn.	F	20	68	Rome	S	27	81
Dublin	C	15	59	Singapore	S	29	84
Edinburgh	C	16	61	Stockholm	F	19	66
Frankfurt	F	24	75	Strasbrg.	F	25	77
Genova	S	25	77	Sydney	S	13	55
Glasgow	C	15	59	Tehran	S	31	88
Helsinki	C	21	70	Tokyo	S	35	95
H. Kong	C	29	84	Toronto	C	24	75
Jo'burg	C	19	66	Vienna	S	27	81
Lisbon	S	30	86	Warsaw	F	25	77
London	S	18	64	Zurich	S	25	77

HOLIDAY RESORTS

Ajaccio	S	26	79	Jersey	S	19	66
Algiers	S	31	88	Las Plms.	S	26	79
Biarritz	F	23	73	Locarno	S	27	81
Blackpool	C	15	59	Majorca	S	28	82
Bordeaux	S	28	82	Malaga	S	30	86
Boulogne	F	19	66	Malta	C	23	73
Casablnca.	F	24	75	Nairobi	S	21	70
Cape Town	S	17	63	Naples	S	28	82
Corfu	S	28	82	Nice	S	26	79
Dubrovnik	S	24	75	Nicosia	S	29	84
Faro	F	27	81	Oporto	F	19	66
Florence	F	29	84	Rhodes	S	28	82
Funchal	F	25	77	Salzburg	F	25	77
Gibraltar	F	27	81	Tangier	F	32	90
Guernsey	S	19	66	Tenerife	S	20	68
Innsbruck	F	27	81	Tunis	S	28	82
Inverness	C	15	59	Valencia	C	27	81
Isle of Man	C	15	59	Venice	S	25	77
Istanbul	S	25	77				

S—Sunny, F—Fair, C—Cloudy, R—Rain.

Registered at the Post Office. Printed by St. Clement's Press for and published by the Financial Times Ltd., Bracken House, Cannon Street, London, EC4P 4BY.